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THE ANNUAL PLAN 1972-73

A report on the state of the Bangladesh economy and a programme for reconstruction and development for the year

Bangladesh. Planning Commission /
Government of the People's Republic of Bangladesh

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FOREWORD

The following pages outline the First Annual Plan for independent Bangladesh. The Plan has been launched under extremely unusual circumstances. Not only was the economy devastated, but also the organisation of statistical information was badly disrupted. The new Planning Commission was confronted with the task of plan formulation under severe limitations of time and resources.

The report on the state of the economy is necessarily based on inadequate statistics. We, however, believe that a reasonably comprehensive picture has been presented based on objective data put together with considerable effort.

It would be natural for Bangladesh to begin Planning on a long-term basis. But this could start only after the reconstruction phase is over and the economy is put back to near normalcy. The current plan has large development component, consisting mostly of selections from the on-going projects. While we would have liked to have greater freedom of choice in designing the development plan than permitted by our inheritance, considerable expansion of capacity will result from implementation of this plan. We hope that successful implementation of the reconstruction and Development Programmes as provided in the current annual plan will pave the way for launching a long-term plan for transformation of the Bangladesh economy in accordance with the socio-economic objectives of the nation.

TAJUDDIN AHMAD,
Minister for Planning and Finance,
and
Chairman, Planning Commission,
Government of the People's Republic of Bangladesh.

Dated Dacca;
The 29th June, 1972.

CHAPTER I

THE STATE OF THE BANGLADESH ECONOMY

1. Introduction:

In July 1972 Bangladesh begins its first annual development plan. The plan has been put together under conditions of severe paucity of data and unusual conditions all around. It is of some importance that the general context of this plan be made as clear as is permitted by the state of statistical information.

2. Poverty and Backwardness:

Bangladesh, the eighth largest and one of the poorest nations on earth, begins its nationhood with a great deal of initial disadvantage. Even without the events of 1971, the nation would be intolerably poor. Conventionally measured income per head, embodying an unquantified degree of error in estimation, stood at about Taka 450 per year (or Taka 37·5 per month) at current prices in as recent a year as 1969-70, the most recent normal year. The average income of the poorest 20 per cent. of the population during the same period was about Taka 158 per year (or Taka 13·2 per month). That this is a dismally low level of living is hardly necessary to argue.

If we go beyond the aggregative indicators like *per-capita* income, we arrive at admittedly partial but more eloquent indices of poverty. Nearly half the population have serious deficiency in calorie-intake while over eighty per cent. have some kind of deficiency in vitamins, frequently of serious nature. The consumption of rice and wheat, providing two-thirds of the average calorie-intake, have over the last decade declined in absolute quantity. Food is extremely deficient in protective elements.

Annual *per-capita* consumption of clothing is less than 7½ yards equivalent of coarse cloth which means that for the vast number of the poor the consumption would be little more than that of a loin cloth or two.

Though we have little overall information about housing in rural areas, we have enough basis to conclude that it is hardly any protection against nature and that its high replacement requirement per year hardly makes sense for its classification as capital asset providing rental service. In urban areas, an average family of 5·6 members shares a 1·5 roomed house over 70 per cent. of which are temporary constructions without any masonry, 80 per cent. without water connection and 97 per cent.without electricity.

The effect of low material consumption has serious effect on the length of life—49 years for men and 47 years for women at birth—as compared to over 70 years in the developed countries. Infant mortality rate is over 140 per thousand as compared to below 20 in the developed nations. Illiteracy is widespread. The 1961 census figure of about 17 per cent. literacy is probably just as valid for today.

Poverty is associated with a very primitive structure of the economy. In the most recent normal year, large-scale manufacturing contributed only about 6 per cent. of GDP while the modern sectors, including modern transport, organised services, power, modern construction and manufacturing, together contributed no more than 15 per cent. to GDP. Agriculture and ancillary activities, contributing well over two-thirds of GDP, have mainly been subsistence activities. Thus, the economy is rather devoid of any obvious source of reinvestible surplus.

Population today is estimated to be 75 million making the density, 1360 per square mile, the highest among all countries of reasonable size (*i.e.*, except small pockets like Hong Kong and Singapore). Current rate of growth is estimated to be around 3 per cent. making the annual addition as high as two and a quarter million.

Thus Bangladesh would appear to be a rather unique phenomenon in the world. Nowhere else in the world is there anything like so much of poverty shared by so many squeezed into so little a land area. During the quarter century over which the underdeveloped world experienced its first spurt of growth, Bangladesh lagged behind due to alien colonial rule.

3. The effects of the recent turmoil :

What would be a massive problem under normal circumstances, has been made immensely more difficult by the events of 1971. The marauding hordes of Pakistan army were let loose on the peaceful population who had no prior experience of modern warfare. During the nine months of war of liberation culminating in an all-out war between Indo-Bangladesh joint command on one side and the Pakistan occupation army on the other, a great deal of human and material loss was inflicted through the pointless brutality of the Pakistan army.

Six months after independence, we can only begin to assess the magnitude of loss. During 1971 and early 1972 Bangladesh witnessed what probably was the greatest demographic disturbance in the world. Ten million people were driven out of Bangladesh through the institution of a reign of terror. After liberation this huge mass of population returned home only to find that their meagre assets, including huts and bullocks and ploughs, have been destroyed. The rehabilitation of these refugees and millions of displaced persons inside the country, though incompletely carried out, cost a huge sum of 107 crores of Taka during the first six months of independence. This sum would be more than 33 per cent. of a normal year's annual revenue receipts.

The subsistence nature of the organisation of economic activities was a partial insurance against the complete dislocation of the rural economic structure. Thus the main damage was in terms of loss of current output for which no firm estimates are available. It is likely that the output of each of the major grains and cash crops declined by 10 to 25 per cent. In case of tea and sugarcane, the lack of maintenance of plants will mean a serious decline in output in the next season as well.

The destruction in rural areas was by no means limited to current output, howev Apart from human life, large number of houses have been burnt and destroyed alo with many farming implements. What is, however, of much greater significance in ter of limitation on the productive capacity is the loss of cattle. Once again we cann quantify the extent of damage, but preliminary estimates of a rudimentary nature sh the figure to be high. Coming so soon after the serious loss due to the Great Cyclone 1970, the destruction of cattle during the war of independence may prove a bottlene for agriculture. It may still be true that the country has enough cattle to till all the lan but considering the distribution of their ownership and the requirement to match it wi that of land, it is very likely that in some areas the supply of bullocks will be a limitati on cultivation unless assistance is provided.

Manufacturing industries have, however, remained relatively unhurt. The prelimi ary estimates of the Bangladesh Industrial Development Corporation (BIDC) showed th the loss of assets amounted to Taka 10 crores. On closer examination, it is found that a goo deal of it consists of inventories, stores, chemicals, spares and furniture. Using the BID enquiry as representative of the entire manufacturing industries sector, it is reasonable t conclude that no more than 3 per cent. of the installed plant and machinery of the large scale manufacturing industries has been lost. On the other hand, the extensive loss o spares and inventories meant a serious dislocation of production in the months followin independence.

The severest damage was sustained by the already meagre economic overheads, trans port, communications and power transmission in particular. The ports were partly damage and completely blocked resulting in the stoppage of import and export trade. This mean a serious limitation on the supply of maintenance imports the dearth of which caused many of the factories with depleted stocks to close down.

The road transport system was very badly hit. A very large number of road bridges were blown up. Many of the ferry services were rendered inoperative. A large number of trucks and buses were destroyed. Whatever road transport networks survived became a great deal slower thereby raising both the cost of transport and the requirement of working capital.

A total of 287 large and small railway bridges were damaged while the signalling system and communication lines were badly disrupted. Although most of the bridges were quickly restored, the arterial railway network remains severely disrupted. This is because four major river bridges, those on Meghna (King George VI), Padma (Hardinge), Old Brahmaputra (Mymensingh) and Teesta, remain to be repaired. The severe damage in the transport system together with the greatly accelerated transport need due to the immensely greater foodgrains import poses a serious problem for the economy in near future.

In December 1971 power generation and consumption were respectively 46 and 47 per cent. below their monthly averages during 1969-70. This was due to large-scale dislocation of transmission lines and, to a lesser extent, damage to generating plants.

As a direct consequence of the above factors, the economy reached a very low point n after independence. Domestic production was seriously handicapped as a result of severance of maintenance supply lines, flight of alien managers and the generally settled environment. The supplies of many consumption goods, obtained from (West) kistan, were completely stopped. The economy experienced unprecendented shortages d prices soared.

The Beginning of Recovery :

Today, six months after independence, the economy is on the path of recovery to ormalcy. Progress has been uneven both between sectors and between time periods. But ost of the crucial activities have made definite progress and are well along the path of covery.

In the initial months the rate of recovery was rather slow. First, the disruption in the ansport network and the traditional sources of supply meant severe limits on the essential aw materials and inputs. In some cases an early spurt towards recovery received setback s soon as the existing stocks were used up. Secondly, the economy had to adjust to a umber of sharp changes. These problems were due to a good many factors related to the ircumstances of independence. One such factor was devaluation. Although this was a ighly desirable change, it meant serious problems of adjustment for the manufacturing ndustries set up under high and non-uniform effective protection. There was also the roblem of the flight of the alien management from the abandoned enterprises. The Government had to make arrangements for the management of these enterprises.

It took the economy quite a bit of time to cope with the above problems and to overcome the trauma of the recent turmoil and its consequences including those on labour. By June 1972 it is clear that the overwhelming part of the economy have come to grips with many of these problems. In the following sections we shall give an account of the current level of activity in the major sectors of the economy.

5. **Agriculture :**

Agriculture is largely a discontinuous activity. Crops are sown at discrete intervals and the performance can be evaluated only at some points of time when harvests are reaped. The boro crop of 1972 was the first major one obtained after independence. This has been the fastest growing rice crop in recent times due to the increasing share of IRRI cultivation. The recent peak output was 2·19 million tons estimated to have been achieved in 1971. This year the pump irrigation suffered seriously from the lack of fuel oil. As a consequence, output is estimated to have declined rather sharply. Preliminary estimates put the figure at 1·5 million tons which is about 31 per cent. below the previous peak.

The Aus crop, always the major victim of the uncertainties of nature, had a setback this year due to drought. Preliminary estimate of acreage, made conservatively, shows a decline of nearly 23 per cent. below recent average, to 5·8 million acres. The current estimate of the likely yield in the area sown is not unfavourable and the output may be as high as 2·2 million tons which would still be 26 per cent. below the previous peak reached in 1969.

Thus the first two rice crops after independence have both been bad. The decline in Boro output is directly related to the dislocation due to war and its consequences but not likely to be repeated in future since it was caused by the shortage in the supply of a current input, not by any permanent loss in productive capacity. The decline in Aus crop upto now is entirely caused by nature.

Total output of these two crops have been significantly below the levels in recent years, e.g., as compared to 1970 they have been 1·1 million tons less. But the sum of these two crops have been way below the main rice crop harvested in the autumn (the Aman crop). Thus a modest percentage rise in the next Aman crop of about 15 per cent. of recent output, will compensate for the above loss. In view of the greatly accelerated rice programme planned for the Aman season, it seems quite likely that the rice output for the whole of 1972 may not be significantly below previous peak (barring unusual natural disaster).

Jute, the main cash crop and the principal export, appears to have been sown over a nearly normal acreage (1·9 million) and, given normal weather conditions, it should be possible to achieve the recent peak output of about 6·5 million bales.

The outputs of tea and sugarcane are likely to decline rather sharply. Tea output during the current year is estimated to be only about 55 million pounds as compared to the average of nearly 70 million, a decline of over 21 per cent. The decline in sugarcane may be just as, or even more, serious.

6. Industries:

Large-scale manufacturing industries of Bangladesh in recent normal years contributed about 6 per cent. of GDP and employed about 1 per cent. of labour force. Their importance, however, is much greater than is indicated by these figures. Their outputs are often crucial from the standpoint of the supply of non-subsistence consumption goods particularly for the numerically small but disproportionately influential urban groups.

All the manufacturing industries suffered serious setback during 1971 and most came to virtual standstill by last December. A great many formerly belonging to the (West) Pakistani owners, were abandoned by the erstwhile management. The Government took over the responsibility of managing all these enterprises. In March all jute textile, cotton textile and sugar mills having Taka 1·5 million worth or more assets were nationalised. To manage the enterprises under these two groups as well as those owned by the BIDC, the Government set up ten sector corporations each with the responsibility of overseeing the enterprises in a given sector. At the enterprise level the principle of setting up management boards with 40 per cent. of the membership to be elected by the workers was decreed. These are far-reaching institutional changes leading to an estimated 80 per cent. public ownership of the assets of large-scale manufacturing industries. If will be some time before all these changes get firmly established.

As shown in Table, 1, industries vary greatly in terms of the speed and level of recovery. Jute textile, the biggest industry, achieved rapid and near-full recovery. By the end of May the rate of weekly output had reached 85 per cent. of the same in the

TABLE I

PRODUCTION IN SELECTED INDUSTRIES IN RECENT MONTHS

Name of Industry.	Unit of output.	Monthly Average Output in 1969-70.	Recent Monthly Output and Time Period.	Recent Monthly Output as Index of 1969-70 Monthly output.
Jute Textiles ..	Thousand Tons	48·3	40·9 in May, 1972	85
Newsprint ..	Tons ..	2,978	1,985 in May, 1972	67
Paper ..	Tons .	3,518	1,568 in May, 1972	45
Petroleum Products ..	Thousand Tons	99·1 in Jan. 1971.	75·8 in May 1972	76
Cement	Tons ..	4,417	3,238 average for April-May 1972.	73
Fertilizer ..	Thousand Tons	7·9	3·3 average for March-May 1972.	42
Steel Mill ..	Metric tons ..	3,238 in Jan.-1971.	3,806 average for March-May, 1972.	118
Cotton Cloth ..	Thousand yards	4,929	500 estimated average for January May, 1972.	10
Cotton Yarn ..	Thousand Pounds.	8,808	2,800 estimated average for January-May, 1972.	32
Matches	Thousand Gross Boxes.	1,080	1,059 estimated for May 1972 from a sample.	98

Source—B. J. M. A. supplied the statistics for jute textiles while the Cotton Textile Corporation made estimates for Cotton cloth and yarn. The rest were obtained by the Planning Commission from the individual units.

most recent normal year. This has been particularly welcome in view of the fact that jute textiles earn more foreign exchange than any other industrial export. It seems that the speedy recovery has been due to several factors. First, jute textiles have been insignificantly import-dependent. The disruption in supplies from abroad had no great effect on productive capacity. Secondly, compared to some other industries, it had fewer problems of adjustment. Lack of import-dependence for the supply of current inputs made it immune from the cost-push effects of devaluation while the abolition of export bonus was offset by it.

Matches, steel, petroleum products and cement have also made rapid recovery. Except matches, the other three have, however, undergone erratic behaviour from month to month due largely to their dependence on imports which have been uncertain.

Paper and fertilizer have made steady though incomplete recovery. This is unfortunate in view of the fact that the former is a potential export and the latter a crucial agricultural input.

Progress has been slowest in cotton textiles, the second largest industry. It is not possible to identify all the various causes of this phenomenon though it is not difficult to note some of the important factors. First, the industry is heavily import-dependent, all cotton being obtained from outside. The cessation of trade with former supplier, Pakistan, meant temporary stoppage until supplies could be obtained from elsewhere. Secondly, the industry faced a severe problem of adjustment in so far as devaluation would make the cost of the imported inputs (together about 45 per cent. of the value of output before devaluation) nearly two-thirds higher even if supplies could be obtained from the cheapest possible external source of supply. Furthermore, this industry seems to have experienced more than average labour trouble since liberation.

About the small-scale and cottage industries we have little information. Some rudimentary evidence can, however, be put together for the biggest of them, handloom. Preliminary estimates based on those of yarn absorption suggests that average monthly output during January to May, 1972, has been only about 10 million yards or roughly a fifth of what would be normal.

7. Reconstruction of overheads:

During the first six months of independence the Government of Bangladesh have spent Taka 107 crores on relief, rehabilitation and reconstruction. It is, however, estimated that in order to rebuild completely the damaged transportation, communications, housing and other physical infrastructural facilities much more sustained effort over the next two years would be necessary. By the end of May the ports of Chittagong and Chalna were put back to their full capacity. This removed a major hurdle facing the economy.

The arterial transport network still remains disrupted, however. The minor railway bridges were quickly repaired. Of the five major ones, only one near Feni has been

commissioned. The continued inoperation of the others is a serious threat to the movement of goods from and to ports. The scheduled date of re-commissioning the Harding bridge is the end of August. If this is realized, the movement of goods in the western half of the country will be considerably eased. But the eastern half will be seriously impeded until the King George VI bridge is repaired. Present calculations suggest that this may not be complete before sometime in the second part of 1973.

Road transport, though largely repaired, is still full of innumerable patchworks and will have tough time coping with the monsoon with improvised bridges and ferries. Also the large loss of vehicles has only partly been made up.

The seriously restricted capacity of rail and road transport have partly been compensated by the addition to the capacity of water transport. The import of mini-bulkers and rivercrafts have helped the movement of goods between sea ports and inland ports in recent month. It is, however, undeniable that transport remains the major bottleneck for the economy today.

8. Prices:

The consequences of war and economic disruption have been starkly reflected in the sharply risen level of consumer prices. We have no satisfactory index of the overall situation, but the consumer price index shown in Table 2 is some indication of the trend in recent months.

TABLE 2

COST OF LIVING INDEX AT DACCA

(*Base*: February 1971=100)

	Jan. 1972	Feb 1972	Mar. 1972	Apr. 1972	May 1972	June 1972
Food	117	117	122	127	142	148
of which Rice	105	106	118	121	138	137
Fuel & lighting	126	124	123	205	212	135
Housing & Household Requirements.	108	111	108	108	113	110
Clothing & Footwear	119	121	128	131	141	143
Miscellaneous	125	128	125	122	131	145
General (Weighted Average)	118	118	121	128	140	142

Note.—The index has been prepared from the background material collected for, and using the weights of the Dacca Cost of Living Index for Government Employees, by the Bangladesh Bureau of Statistics. The June index is based on incomplete information and therefore, should be treated with caution. Furthermore, this does not reflect the situation either in the free market or over the entire economy of Bangladesh.

The rate of increase is indeed very steep. The major cause of the rising level of prices is undoubtedly the interruption in supply. We have outlined above the factors which led to a total breakdown in the traditional channels of supply.

Even between January and June, there has been a 20 per cent. price increase. Indeed, there was an acceleration in the rate of increase until May whence it started to decelerate. This phenomenon is understandable: shortage became more severe with the passage of time as stocks of consumables were being depleted with sources of supply remaining disrupted. To this was added the cost push effect of the devaluation. Deceleration began in June and the price of rice actually declined in June.

To the extent the price increase was due to the supply conditions, the situation will improve as the economy gradually goes back to some kind of normalcy. With the opening of the ports, the supply of consumption goods and maintenance imports will improve. The manufacturing industries have been tardily moving back to normalcy. If the supplies are normalised, the prices of many consumption goods will tend to decline to a more reasonable level. In fact, there are already limited indications to that effect.

It should, however, be realised that while a part of the current price increase is transitory in nature, a good deal of it is going to survive the restoration of the economy to normalcy. The final picture will not emerge until things settle down. But it is already possible to identify several sources of structural price increases that are likely to prove permanent.

One such source of permanent price increase is the devalution. Industries like cotton textiles, edible oil, soap which are very heavily import-dependent with respect to the supply of raw materials which were imported from West Pakistan or under license from abroad will register higher cost of production due to devaluation. To illustrate, raw cotton will cost at least 50 per cent. more even if supplies can be obtained from a source cheaper than Pakistan. Assuming that the cost of cotton is 40 per cent. of the ex-mill price of textiles, this alone will raise the price of mill-cloth and yarn by 20 per cent. Assuming further that yarn is about 50 per cent. of the cost of handloom production, the price of handloom in turn will go up by 10 per cent. on this account alone.

Another source of permanent price increase, more evenly spread than the above two, would be due to the rise in the level of wages. While we do not have any final estimate of the extent of wage increase since liberation, we believe the average increase would be rather modest in the order of 15 per cent. or so. Thus the long-term price effect of this phenomenon would be rather limited although this may have created short-term liquidity problems for many enterprises.

9. **Monetary Situation :**

The liberation of Bangladesh was almost immediately followed by the long-overdue devaluation of the currency unit (named Taka) from about 11·43 to the pound sterling to about 18·97 (i.e., by about 66 per cent. in terms of the purchasing power of the sterling over the Taka). The transition to the new currency notes has been going on and is nearly complete. Only the old Pakistani Re. 1 notes and coins remain to be changed.

er the 23 weeks between the day of liberation and 26 May 1972 the following in the various elements took place in Bangladesh:—

(1)	Currency in circulation	+ 54·67 crores
(2)	Currency with the public (*i.e.*, the above less cash in tills).	+ 38·97 crores
(3)	Demand Deposits	+ 88·00 crores
(4)	Time Deposits	+ 36·05 crores
(5)	Increase in Money Supply (1+3).	+ 42·67 crores

is is quite a significant rate of increase, nearly 26 per cent. of the outstanding supply" at the time of liberation. The increase in currency in circulation is less, 5 per cent. The real rate of increase in money supply has probably been much in view of the fact tha; the base currency circulation figure is almost certainly ed.

TABLE III

MONETARY STATISTICS

(Crores of Taka)

	1969-70.	1970-71.	17th December, 1971.	21st April, 1972.	26th May, 1972.
ency in Circulation ..	221·85	311·25	363·04	404·48	417·71
ency with Public ..	213·34	301·75	358·48	382·79	397·45
and Deposit	145·76	169·77	180·90	261·04	268·90
Deposit	159·76	145·68	158·52	178·52	194·57
ey Supply (1+3) ..	367·61	481·02	543·94	665·52	686·61
lings of Gold and Foreign sets	N. A.	N. A.	..	41·88	76·70
mercial Bank Borrowing from ngladesh Bank.	28·25	79·90	66·90	74·13	56·65
utory Reserve Requirements of mmercial Bank.	15·28	16·84	16·97	21·98	23·17
ss Reserve	N. A.	N. A.	4·60	50·82	56·97

Are we in the situation of rapid monetary expansion? We can never really kno while the estimates of money supply since liberation have some plausibility, those for perio before liberation have no precise meaning since currency could, and indeed did, go ou The crucial question is "when did the flight of the currency notes take place?" If this w a general and uniform phenomenon all over the recent past (i.e., if a part of the curren issued in Dacca always tended to go out to the then West Pakistan as part of the resour transfer mechanism), then the present currency and monetary expansion would appe frightfully rapid. If, however, much of the flight took place in 1971 and in montl immediately preceding liberation, then the present expansion would merely be putting th currency supply to where it stood after a period of depression in monetary demand.

There is some evidence that the latter might have been the case. Since March 197 a good deal of currency flight must have taken place. This must partially explain th phenomenon of relative price stability in urban Bangladesh despite all the dislocation an turmoil during the later months of 1971.

If this explanation is valid, then the current monetary expansion would not be s dangerous. In the absence of further knowledge, there is however, a case for some caution Since liberation the main source of monetary expansion has been borrowing by the Govern ment from the Bangladesh Bank (87·26 crores up to 26 May 1972). According to th details available up to 26 May, a unit of deficit financing was leading to about 1·64 unit increase in money supply. What is noticeable is that despite insignificant investmen demand for credit from industry and private sector, there has been substantial credit creation for the non-Government sectors. Much of it is for the working capital need of industry and trade.

Bangladesh Bank is still in the process of establishing its new currency. It was in the unenviable situation of floating a new currency without any real backing of external resources. It still has the problem of coping with a very odd and unbalanced book of assets and liabilities. But there are unmistakable signs of progress. Foreign exchange reserves have been rising steadily. By 26 May they were around 20 per cent. of the currency in circulation [redacted]). This is quite an adequate level of backing. With the issue of the Government Securities against the currency liabilities outstanding at the time of liberation and the ways and means borrowing since liberation, the Bangladesh Bank should have no difficulty in balancing its book in an orthodox and responsible way.

10. Foreign Trade:

Table IV summarises the heads of exports during the last few months. Even when the ports were still heavily blocked in February and March, exports began to pick up. By May the rate of monthly exports had exceeded our monthly average projection for the next year by 20 per cent. No doubt part of the good performance is due to the piled up backlog of exportables which could not be shipped out because of the blocked ports. There is, however, no need to exaggerate this factor. Back in March, there was a sudden rise in raw jute exports

which was probably largely due to the piled up export orders. Since then the behaviour of individual export items has been much more normal. Also, we must allow for the fact that the major export industries, jute textiles, leather, tea, etc., have still been struggling to catch up with their normal output. Their operation below capacity is a serious hindrance to the export earnings. As they overcome the current problems and reach capacity outputs, there will be additional boost to exports which will offset any slackening due to the exhaustion of the backlog.

TABLE IV.

EXPORTS

(Crore of Taka)

	February 1972	March 1972	April 1972	May 1972
1. Raw Jute	5·95	11·20	6·78	7·74
2. Jute textiles	...	7·38	10·26	15·12
3. Leather	...	0·04	2·67	2·35
4. Others	0·02	0·27	0·17	0·81
Total ..	5·95	18·89	19·88	26·02

It, therefore, appears today that our export projections for the coming fiscal year are by no means over-ambitious. The monthly rate assumed is only Taka 21·7 crores as compared to Taka 26 crores exported in May. We would not be surprised if our admittedly conservative projections are significantly exceeded.

CHAPTER II

THE ANNUAL PLAN AND ITS FINANCING

1. Beginning of the Planning process in Bangladesh :

The country has emerged as an independent state [redacted] after a [redacted] liberation war that shattered its economy and social life severely. The first task of the Government was to resettle the millions of people who had been displaced by the war, and provide them with food and shelter. Because of the human nature of the problem this naturally received the highest priority. Simultaneously, the staggered economy had to be brought back to its feet, by providing it with a monetary infrastructure, contracting foreign exchange loans to finance essential imports and to build up a minimum working reserve, and to revive the fiscal machinery to collect taxes for financing the current expenditures of the Government. Industries had come to a standstill many of them abandoned by their owners; arrangements had to be devised for their management as well as for the resumption of the supply of raw materials and replacement of war damaged equipments and parts. The export trade had to be helped back to life. The pace of these processes could not be forced beyond the capacity of the entirely new administration; furthermore the rules of business for the new national Government had to be newly devised and put into effect. The pace was slowed down also by the dislocation of the ports and the transport system which hindered the clearence and movement of men and materials.

The Planning Commission itself started systematic work only in February and that too with the staff it inherited from the erstwhile Planning Department which was badly inadequate in number and short of competent hands at strategic points. One of its first tasks was to provide a framework of priorities for the Government's non-revenue expenditure in various directions all of which were urgent, and to indicate how these expenditures could be financed. This involved on the one hand a frantic search for ways of quickly mobilizing domestic resources from out of the little that the war-torn economy had, and negotiating for external assistance and its speedy disbursement to supplement the meagre domestic resources; on the other hand the demands for relief, rehabilitation and reconstruction, all of them agonizingly urgent, had to be drastically cut in view of the overall paucity of funds; competing demands for funds came also from the need to reactivate the numerous on-going development schemes that also had come to a standstill during the liberation war and needed resources both in domestic currency and in foreign exchange for their continuation.

The first two months since February were spent in thus preparing a short term (January-June, 1972) plan for relief, rehabilitation, reconstruction and some development works designed at putting the Government's efforts in these several directions within the framework of a financial discipline. Simultaneously, negotiation for external assistance to find resources to meet critical shortages of essential goods anticipated for the coming fiscal year also had to proceed in order to provide for timely disbursements. Finally,

a programme of nationalization of industries including major organizational reforms for management of the public enterprises and proposals for giving the workers greater responsibility and stake in the industrial enterprises, were worked out in accordance with the political decision taken by the Government to move quickly and decisively towards eliminating private monopoly capital in the large-scale industrial sector as part of its commitment to build a socialist state.

2. **The Annual Plan, 1972-73 :**

Work on the country's first Annual Plan could start only in April. The Plan has been designed primarily with two objectives in mind : one is to continue with the task of reconstruction of the physical assets in the various sectors of the economy that were damaged during the liberation war, and to meet the further needs of physical and economic rehabilitation of the war-affected people ; the other objective has been to undertake as much development work as possible, with a view to raising productive capacity and output particularly in agriculture and related high priority areas. The plan for reconstruction followed logically from the nature of the war devastation and the obvious and overwhelming priority that must be given to the speedy reconstruction of the transport system. The development programme, however, was severely constrained by the legacy of on-going projects launched earlier by the colonial regime : most of these projects are well on their way in implementation, and resources had to be provided for their completion in order to protect the investments already made therein. This left little room for the inclusion of new projects on a significant scale, so that only a few new projects could be included. The agencies concerned themselves, some of them newly constituted, would need more time to prepare new worthwhile projects. All this taken together has precluded the designing of an annual development programme this year fully in accordance with the priorities that the new economic and social philosophy of the Government of the people's Republic of Bangladesh would dictate. Nor has there been time yet for the Government to formulate any concrete grand design for long-term economic and social change in whose context the development plan for 1972-73 could be formulated. Thus by and large the exercise of the development plan has consisted of taking a close re-examination of all the on-going projects, to rank them according to priorities, to prune each project as far as possible for maximum economy without impairing efficacy of the project, and finally to select a package of projects in order of priority within the constraint of resource availability. This exercise has resulted in postponing a number of projects of unconvincing merit; drastic reduction in the proposed outlays in many other projects has also been made, in particular in the area of building costs in which the colonial regime's approach was outrageously lavish.

While severely constrained by the nature of on-going projects inherited by the liberated nation, attempt has been made to make the plan benefit the largest number of people wherever choice for application of this consideration has existed. Thus, agriculture, on which more than 70 per cent. of our people make a direct living, and other sectors supporting the agricultural economy such as rural institutions, water (including flood control) and transport, have been given overriding priority in designing the development

programme. It is estimated that, in all, approximately 63 per cent. of the development programme will benefit the rural economy, an index that may be suggested as a first approximative measure of the degree of mass-orientation of a plan. This remains short of the ideal, and could not be improved upon in this particular plan because of the legacy of on-going projects thrust on us. We expect to take a greater push in this direction in the subsequent plans.

The development plan for 1972-73 that has resulted from the above consideration and constraints considerably falls short of the total demand from the various ministries taken together. The total demand on account of the on-going projects and the high-priority new projects for 1972-73 was more than Taka 550·00 crores; the paucity of resources, the competing claims on resources for rehabilitation and reconstruction of the economy, and the unconvincing merit of some on-going projects launched by the erstwhile Pakistan Government have together resulted in limiting the size of the plan to Taka 314·5 crores. The overall size and broad programmewise and sector-wise allocation of the Annual Plan is shown in table 1.

TABLE 1

The Expenditure Plan

(*Figures in crores of Taka.*)

Sector.	Development Plan.	Reconstruction Plan.	Total.
1. Agriculture	64·7	12·5	77·2
2. Rural Institutions	33·0	2·3	35·3
3. Water and Flood Control	60·9	2·0	62·9
4. Power	35·4	9·5	44·9
5. Education	20·0	5·1	25·1
6. Social Welfare and Manpower ..	1·0	3·2	4·2
7. Health, Family Planning, etc.	12·0	4·9	16·9
8. Industry	30·0	6·6	36·6
9. Transport, Communication	42·4	55·8	98·2
10. Public Housing	15·1	4·8	19·9
11. Cyclone Reconstruction	..	10·0	10·0
12. Relief and Rehabilitation	..	..	66·0
13. Reserve for additional schemes	..	..	3·8
Total ..	314·5	116·7	501·0

3. Plan Implementation:

The Annual Plan for 1972-73 is not unduly ambitious. Of the total plan size of Taka 501 crores, the block allocation of Taka 66 crores for rehabilitation represents mostly grants to the private sector and does not raise much of an implementation question for the Government. The remaining Taka 435 crores may be compared with the actual development expenditure in the year 1969-70 in the then East Pakistan; this amounted to approximately Taka 250 crores, which evaluated at current prices is equivalent to nearly Taka 325 crores. Compared to total development expenditure in 1969-70 of size Taka 325 crores at current prices, a programme amounting to Taka 435 crores targeted for the year 1972-73 should easily be implementable in financial terms.

It is necessary to bring out, however, that traditionally plan implementability has been viewed primarily in financial terms only. Proper evaluation of plan performance in physical terms has never been undertaken in the erstwhile state of Pakistan, nor has any attempt ever been made to impose the necessary discipline on the relevant agencies. Thus, the financial authorizations against schemes included in an annual development plan have never been supported by corresponding physical plans from the agencies concerned for utilization of these annual allocations. As a result, the plan performance in physica terms has most often diverged widely from the intended performance even when the financial targets have been met. In order to correct this unsatisfactory plan practice we have required that all agencies be required to submit by July 20, 1972 physical plans for utilization of the schemewise financial allocations provided in the Annual plan for 1972-73. This will provide the necessary instrument for proper plan evaluation as well as for keeping the relevant agencies alert on their responsibilities in plan implementation in physical terms. In the absence of any previous quantitative assessment of plan perfrormance in physical terms it is not possible at this stage to make any prediction in this respect for the year 1972-73. But the Planning Commission hopes that the relevant agencies will respond to this essential plan discipline.

4. Financing the annual Plan:

There were two aspects in arranging the financing of the Annual Plan. First, to assure an aggregate 'resource-balance', i.e., whether the planned expenditures are matched by expected availability of resources, and secondly to ensure enough foreign exchange resources to finance the foreign exchange component of the Expenditure Plan. Since the Government is also responsible for allocating foreign exchange for meeting the imporl demand of the private sector, a further balance between the residual availability of foreign exchange (i.e., the balance after meeting the needs of the public sector) and the latter also had to be assured. Needless to say, the objectives are interdependent; for example, the size of the total foreign exchange budget affects the availability of domestic resources to the Government through the revenue-generating implications of the former while the size of the Plan itself would influence the magnitude of the required foreign aid component of the total foreign exchange resources if the availability of domestic resources is a constraint.

5. Aggregate Resource Budget:

The table below indicates the sources of finance for the Annual Plan of 1972-73.

TABLE II.

SOURCES OF FINANCE FOR THE ANNUAL PLAN

	Taka.
1. Expenditure	501·0 crores.
2. Sources of Finance—	
Revenue Surplus	65·0 crores.
Deficit Finance	61·0 crores.
Foreign Aid	375·0 crores.
	501·0 crores.

As evident, the share of revenue surplus is around 13 per cent. of the planned expenditures; however, its contribution to the development part of the Annual Plan is around 21 per cent while around 40 per cent of it is contributed by total domestic resources (ie., revenue surplus and deficit finance).

With respect to deficit finance the objective has been to keep it at a minimum although to avoid it completely would have meant an over-dependence on foreign aid if the Plan-size remains constant. Alternatively, serious reduction in the Plan size would be necessary if foreign aid is limited to the amount specified before. As seen in table II, the amount earmarked for deficit finance is Taka 61 crores. Deficit financing of such a magnitude could be regarded as a threat for an untoward expansion in money supply unless a compensatory monetary policy is also adopted consequent of the presumed expansion in the cash-base of the economy. It may be noted that if Government finances the deficit by borrowing from the scheduled banks the credit expansion need not be greater than the amount borrowed if the scheduled banks, borrowings from the Bangladesh Bank on their incremental Government collateral are disallowed. Such measures will be taken by the Government if considered necessary.

The implicit price-assumption underlying this exercise is that while the 'transient' element of the current phenomenon of price-rise will disappear as the economy gets back into motion there will, however, be some structural price-adjustments (i.e., for example, in cotton textiles and other import based industries) which would absorb part of the expected increase in monetary demand. In addition, the expected growth in output during the year 1972-73 offers some possibilities with regard to the expansion in money supply.

Finally, if the Government is successful in borrowing from non-bank sources it would be possible to avoid expansion in money supply to that extent. Needless to say opportunities to this end should be vigorously pursued.

As indicated in table II, an amount of Taka 375 crores has been earmarked as foreign aid during 1972-73. Of this, Taka 105 crores will be receiveable as food aid, and the rest in various commodity and cash grants. The bulk of aid this year consists of outright grants which do not put the society in debt. Under normal circumstances, it would not be necessary to go for such aid. But this year the capacity to generate domestic resources has been severely [redacted] limited by the devastation experienced by the ecomomy in the recent past.

6. Financing the Foreign Exchange Budget:

Export receipts (i.e., total current account receipts) for 1972-73 have been projected at Taka 260 crores, considerably lower than the level as attained in 1969-70. The commodity breakdown of this projection is given as below:

TABLE III

PROJECTED EXPORT RECEIPTS, 1972-73.

(*In crores of Takas*)

Commodities.	Amount.
(1) Raw Jute	109·40
(2) Jute Manufactures	91·10
(3) Tea	14·60
(4) Paper and Newsprint	7·30
(5) Miscellaneous	37·60
Total ..	260·00

The above projection is deliberately conservative particularly in view of devaluation. The projected export receipts should thus be regarded as a 'floor' estimate which in all probability will be exceeded. Given the foreign aid magnitude of Taka 375 crores,

it should not therefore be difficult to finance an import bill for 1972-73 of Taka 635 crores. The allocation oft his sum is as given in Table IV.

TABLE IV

FOREIGN EXCHANGE ALLOCATION 1972-73

(In crores of Takas)

1. Development Import for ADP Projects	124·13
(I) Agriculture	44·00
(II) Rural Institutions	0·50
(III) Flood Control and Water Resources	19·75
(IV) Power and Natural Resources	9·29
(V) Physical Planning and Housing	5·58
(VI) Industries	15·34
(VII) Transport and Communications	26·45
(VIII) Education and Training	2·28
(IX) Health and Family Planning	0·93
(X) Social Welfare	..
(XI) Manpower and Employment	0·01
2. Import Requirement for Reconstruction and Rehabilitation Programme ..	94·57
3. Maintanance Imports, Food Imports, consumer Goods, Invisibles and others. ..	416·32
Total ..	635·00

Comparatively speaking, the programmed import bill is around 82 per cent. higher than imports for 1969-70. Adjusting for devaluation the increase is still around 16 per cent. The increase is, however, somewhat spurious since around 15 per cent. of the current import bill is accounted for by such extra-ordinary expenditures as Rehabilitation and Reconstruction Programme. There was, however, an effort to recast the import strategy in such a way that the bench mark (i.e., 1969-70) supply levels of all important commodities could at least be maintained. In fact, some increase in selected wage goods was allowed for. The import needs of the Annual Plan have also been accomodated. Finally, the maintenance imports have been provided to satisfy the needs of the using industries at a rate which is consistent with the industrial production targets. Consequently, the import strategy is expected not only to relieve the chronic situation of import starvation of the economy but will do so in an economically meaningful manner, by providing better utilization of the domestic industraial capacity and thus generating more output and employment.

CHAPTER III.

THE STRATEGY OF SECTOR PROGRAMMES.

The economic problems of Bangladesh are many. First, the economy suffered wanton destruction of its capital assets in the hand of the occupation forces. The war caused severest destruction of buildings and strategic installations like bridges. The destruction of the two main link railway bridges—the Hardinge Bridge over the Padma, and George the VIth Bridge over the river Meghna, has completely severed the railway system. It will be long before the system can be put to its normal order. Thus rehabilitation of the transport system will be a major concern during the fiscal year 1972-73.

Besides war damages the country is currently faced with serious food deficit which has grown during the last 24 years of colonial rule. Food production has remained by and large a gamble with nature. The high risk that follows from extreme dependence on a monsoon climate which oscillates between draught and flood discouraged private investment. As a result, though technological break-through is in sight, it could not spread at the desired rate and food production could not but fail to expand even at the rate of population growth. The need for acceleration of food production cannot be overemphasized. It is necessary not only to reduce dependence on food import but also for the growth of farm income.

The present day malady of agriculture is the characteristic of the colonial economy which the old regime fostered in this country in the interest of foreign capital. A depressed agriculture was necessary both for colonial accumulation of capital and supply of cheap labour. This interest of the regime was manifest in the total lack of concern for flood control and, therefore, for agricultural stability. The main source of instability of the economy of Bangladesh is today the instability of her agriculture. Nor the alternative way to stability—acceleration of the pace of industrialisation—was fully explored. The industrial structure of Bangladesh is as a result of colonial exploitation highly lopsided, dominated by light industries and characterised by the total absence of engineering industries.

The neglect of the past is also visible in the social sectors, especially in the rural areas where the majority people live. In the rural areas there is a general dearth of facilities for public health services, education and communication. Whatever development took place

in the past, it was mainly located in urban areas. The consequent imbalance in growth between rural and urban areas and contradiction between the village and the city is today a major source of tension.

In general, corrections of the distortions which have crept into the economy during the colonial period will constitute the overall theme of Government action in the economic field. The guiding principle will be socialism with planning as the heart of socialism. Thus planned growth will be the dominant characteristic of the economy of Bangladesh.

There will be many limitations which a short term plan such as an Annual Programme shall have to take into account, but every measure that might be viewed as a short term measure will have bearing for the distant future, and, therefore, however short the measure be in term of time it need to be taken in the right direction so that it facilitates rather than works as a fetter to future courses of action. That is, a short term strategy must fit in the long term goal of socialist development. With this in view the Government has already enlarged the public sector by nationalisation of industries. Institutional reorganisation in this and other respects has been taken up to facilitate advancement of socialism.

The development plan for 1972-73 itself is focussed on the following objectives:—

(i) Acceleration of food production and rural development in order to distribute the benefit of development among the largest number;

(ii) Completion of as many on-going projects as possible;

(iii) Undertaking new projects only of high priority.

The short term goal to which the above strategies are directed is the improvement of material conditions of life which sank to a miserable level in the last nine months of the rule of the colonial power. Due to scarcity of resources and overwhelming claims of relief, rehabilitation and reconstruction, the improvement of cultural life will not be possible as fast as one would desire. This limitation will be apparent in the education and other socio-cultural programmes, especially in the former, where the manpower problem will constrain the scope of activities.

The programmes of different sectors have been drawn in conformity with the above strategies. In the following sections the nature and priorities of the sectoral programmes will be discussed,

A. FOOD AND AGRICULTURE

1. Introduction:

The biggest crisis facing the nation today is the yawning gap between consumption and production of cereals. Food shortage has become chronic and been mounting at an accelerated pace in view of the huge population growth each year. There is no alternative but to face the challenge, squarely and boldly, with all the resources that we can muster. The short-term plan for increasing foodgrain production aims at attaining near self-sufficiency in production by 1974-75.

Within this broad framework the programme for 1972-73 has been worked out. The target is to put 35 lakh acres under Irri-Aus, Irri-Aman and Irri-Boro for an estimated production target of 40·03 lakh tons of rice. An additional one lakh acres would be put under high yielding Mexican wheat making a total of 3·5 lakh acres under wheat. The total yield of wheat is expected to be 1·50 lakh tons.

Irrigation facilities will be provided for an area of 11 lakh acres under Irri-Boro and 2 lakh acres under transplanted Aus.

TABLE I

FOOD-GRAIN PRODUCTION PROGRAMME—1972-73.

Item	Area (lakh acres)	Estd. production (lakh tons)
1. Aman (72)		
Broad Cast	48·30	19·30
T. Aman H. Y. V.	22·20	22·20
Country transplanted	74·60	34·50
	145·10	76·00
2. Boro Country (73)	15·00	9·75
Boro H. Y. V.	11·00	15·85
	26·00	25·60
3. Aus Country (73)	75·00	24·57
H. Y. V.	2·00	2·00
	77·00	25·57
4. Wheat Local	1·00	1·50
Mexican	2·50	
	3·50	
Total	234·60	129·67
Net production		116·70

There are two strong qualifications, however. First, net output has been estimated after making 10 per cent. allowance for seed, waste, etc. This is under assumptions of normal weather conditions. If we want to feel certain, we should make a further allowance of about 5 per cent. for uncertain weather. Secondly, this output will not be available for consumption during 1972-73 fiscal year. The Aus crop of 1973 will largely be consumed during 1973-74.

A detailed input programme has been worked out (at Annexure 'A'). Necessary provision has been made in the ADP for financing the input programme. The key elements of the ADP provision supporting the programme are at Annexure 'B'.

In the proposed ADP for 1972-73 the Planning Commission has allocated the following amounts for implementing the agricultural Programme.

	Agency.	Amount allocated.
A.	BADC (excepting water programme)	45·60
B.	Various Autonomous Bodies connected with agriculture. ..	5·80
C.	Government Departments	13·20
D.	Ministry of Rural Development for TIP and other agricultural development programmes. ..	16·00
E.	Agricultural Development under reconstruction ..	12·50
F.	Water Development by BADC	34·30
G.	Water Development and Flood Protection by WAPDA. ..	25·60
H.	Irrigation Directorate.	1·10
	Grand Total Taka	154·14 crores.

The success of the Programme will depend on the procurement and distribution of the inputs at the right time and place. Secondly, the training programme have to be geared up for providing with the needed technical know-how and a sound extension base. Thirdly, the co-operatives have to be organised on a viable basis with necessary personnel and expertise. Lastly, the programme involves a large number of Ministries and agencies and their functions and activities have to be properly co-ordinated and integrated within the over all strategy of the short-term plan. Frequent inspection and appraisal of the projects by the agencies concerned and also by the Planning Commission would be necessary to ensure that everything is going according to the approved programme.

The programme for 1972-73 have fully taken into account the input supply position covering pumps, tube-wells, seeds, fertilizers, pesticides and credit. The organisational bases also requires to be strengthened for such a massive programme. Co-operative Directorate will be strengthened by the increased allocation of Taka 15 lakhs under TIP, and IRDP in 83 thanas will also make the necessary contribution to the accelerated production strategy. Extension Directorate of the Ministry of Agriculture will be sufficiently geared up and strengthened.

With the resources and personnel available, and the strategies laid down in the short term plan, the production target is likely to be reached assuming that no exogenous factors come into vitiate the overall Plan.

2. AGRICULTURAL PROGRAMME.

INPUTS.

(a) FERTILIZER:

The programme involves an acceleration of the use of modern inputs like fertilizers. It is planned to utilise 3·30 lakh ton of fertilizers (out of 4·25 lakh tons) for IRRI, Aus, Aman and Boro and the rest will be used for other crops. As in the previous years, reasonable subsidy have to be provided for giving necessary incentive to the farmers. The present price of fartilizers at the farmers level is Taka 10·12 per md. for Urea and T. S. P., and Taka 6·37 for M. P. It is proposed to increase fertilizers' prices as follows:—

TABLE II

PRICING OF FERTILIZER

Item :	Existing price per md. Taka.	Proposed price per md. Taka
1. Urea	10·12	20·00
2. T.S.P.	10·12	14·50
3. M.P.	6·37	10·00

The reasons for upward revision of the prices of fertilizers slightly reducing subsidy are as follows:—

(i) The tendency to smuggle fertilizers across the border due to wide difference between the existing prices of fertilizer in Bangladesh, West Bengal and Assam is fairly high.

(ii) The import price of fertilizers has increased after the devaluation of the Bangladesh Currency.

(iii) A remunerative price of foodgrain will enable the producers particularly of high yielding varieties of rice to pay a higher price for fertilizers. Consequently, the input-output price ratio can hardly move against the farmers.

(iv) Lastly the market price of fertilizers in Bangladesh is much higher than the price fixed by the Government.

This may justify a some upward adjustment of fertilizer price. Such rise in prices of fertilizers will not affect the farmers' income position. The total cost for BADC for procurement and distribution of fertilizers is Taka 236·38 millions at the reduced rate of subsidy.

The requirement of fertilizers for 1972-73 as proposed by the BADC is 4·95 lakh tons of which Urea constitutes 3·00 lakh tons, T. S. P. 1·50 lakh tons and M. P. 0:45 lakh tons. The Planning Commission after taking into consideration the normal acceleration in the off—take of fertilizers, requirement of IRRI-varieties of T. Aman, Boro and Aus of 1972-73 and the proportion of different nutrient actually used by farmers, estimates the requirement at 4·25 lakh tons as follows:

Urea	..	2·75 lakh tons
T.S.P.	...	1·10 ,, ,,
M.P.	...	0·40 ,, ,,
	Total	4·25 lakh tons.

The availability and additional import requirement of fertilizer to meet the assumed sale target during 1972-73 and to build up 3 months stock for 1973-74, have been shown in the table below.

		In lakh tons.
A. Requirement:		
(i) Assumed sale during 1972-73	...	4·25
(ii) 3 months' stock for 1973-74	...	1·11
Total	..	5·36
B. Availability :		
(i) Opening stock on 1st July, 1972	...	0·98
(ii) Foreign source ...	...	0·72
(iii) Local Production ...	...	1·98
Total	..	3·68
C. Import Requirements :		
(i) Import to meet the assumed sale target during the year	...	0·57
(ii) Import for 3 months stock	...	1·11
Total	..	1·68

(b) PESTICIDES

The total pesticides import requirement in the programme has been estimated at 12,000 tons. In the ADP 72-73 provision has been made for Taka 208·60 millions for procurement and distribution of pesticides and Plant Production equipment. In view of large expansion of acreage under new varieties, pesticides will continue to be distributed free in 1972-73. The pesticides procurement programme is as follows:

TABLE—III

PESTICIDES PROGRAMME

Total requirement of Pesticides	12,000 tons.
(a) Conventional	6,000 ,,
(b) Granular	6,000 ,,

(c) SEEDS

The seed procurement programme envisages requirement of 6 lakh maunds of -20, 20,000 mds. of IRRI-8 and 12,000 mds. of IRRI-Aus seeds. In addition 00 mds. of wheat seeds form a part of the production-strategy. BADC will receive al allocation of Taka 12 millions for procurement and distribution of seeds. The revised ate for 1971-72 on this account was Taka 10·41 millions. Farmers in Bangladesh already acquired a number of years' experience in the use of high yielding varieties eds. Procurement and distribution of seeds by the registered growers is also the usual ice by BADC. Within the ADP allocation, it will therefore, not be difficult to supply farmers the required quantity of seeds. Necessary credit for co-operatives will also vailable for this purpose.

3. WATER PROGRAMME

(a) LOW-LIFT PUMPS.

The key elements of the irrigation programme during Boro season will be the use of 00 low-lift pumps with a total cusec capacity of 56,425 and a total irrigated area of million acres on the assumption that per cusec coverage will be 20 acres. The supply ion of pumps is as follows:

(i) Already fielded	24,483
(ii) ready for fielding	3,517
(iii) engines in stock & pumps to be procured for which provision made in ADP 1972-73.	4,500
(iv) procurement under rehabilitation programme.	4,000
(v) procurement under ADP 1972-73	2,000
	38,500

A provision of Taka 160·00 million with a foreign exchange component of Taka 07 million has been made in ADP 1972-73 to finance the pump procurement programme BADC. In Bangladesh pump programme is subsidised for which a provision of Taka 4 million under the TIP has been made. In addition Taka 1·25 crores will be spent the water control structure and channel excavation covering the pump schemes. Taka million has been earmarked for construction of 82 TIP workshops and 188 godowns the storage of power pumps. This programme when implemented will provide each

thana under TIP with workshops and godowns. Pump irrigation of such a dimension requires necessary staff support. The TIP under the Rural Development and Co-operative Division will be adequately strengthened by an allocation of Taka 15 lakhs. The supervisory staff of the Co-operative Directorate involved in the TIP will be provided with Taka 15 lakhs for more effective co-operative extension work and distribution of the supervised credit.

(b) DEEP TUBEWELLS.

Under the Tubewell Programme BADC will sink 2,400 deep tubewells and 4,000 shallow-wells. This includes 800 deep tubewells to be sunk out of the TIP budget. The necessary staff support for these has been provided in these schemes. The tubewell programme of BADC is as follows:

TABLE IV.

TUBEWELL PROGRAMME.

(Taka Million)

Item	Total No.	Financial provision	Foreign Ex. Component	Source of Aid.
1. Deep-tubewells	2400	199·68	120·51	Project Aid TK, 73·82 million from U.K, & IDA
2. Shallow tubewells.	4000	26·17	6·13	Nil

So far, BADC has sunk 1200 deep tubewells out of which only 979 has been commisioned covering an area of 34,500 acres. Out of the new tube-wells that will be sunk, almost all will be operational during the next year. An additional 1·43 lakh acres are expected to be covered next year. A sum of Taka 37·44 lakhs will be provided out of the TIP for subsidising the O & M cost of tubewells.

(c) SHALLOW TUBEWELLS.

The scheme for sinking 4000 shallow tubewells (only the programme for 1972-73) is being examined by the Planning Commission. A provision of Taka 26·07 million including a cash foreign exchange of Taka 6·13 million has been made in the ADP 1972-73.

In Bangladesh, at present there are 1007 shallow tubewells covering a total area of 7049 acres. If the programme for sinking 4000 tubewells is implemented in 1972-73 an additional 28000 acres is expected to be covered.

4. INSTITUTIONAL PROGRAMME

(a) AGRICULTURAL EXTENSION

During 1972-73, the Extension Directorate of the Ministry of Agriculture will be strengthened by additional 6,000 extension agents, 10 in each selected Unions, 250 Thana level officers who would be agricultural graduates. In addition, 10 additional Training Institutes for the Extension Agents will be established with 50 new teachers, equipment and teaching aid, etc. Furthermore, 42,500 farmers will be trained in these institutes and 400 additional Mukaddams will be recruited for Plant Protection work. The objective is to give massive training to the farmers on the new technological methods of cultivation of high yielding rice, jute, etc. In order to do that effectively each Extension Assistant will be given jurisdiction over an area of 500 acres of cropped land as against 5,500 acres covered by one Union Agricultural Assistant at present. The extension agents are to be trained on a phased basis in the training institutes over a period of 3 to 4 years. Adequate provision for the same has been made in the ADP 1972-73.

(b) TRAINING

A large scale training programme will be launched during the next Boro season under the Thana Irrigation Programme. It is planned to train all the managers and the members of the Managing Committee of all the TIP groups. In addition, one model farmer from each group will attend weekly training classes under the intensive training programme. The details of the training programme are as follows:—

TABLE V.

TRAINING PROGRAMME

Category.	Total No. to be trained.	Total fund.
...	Taka.	Taka.
1. Model farmers ...	30,000	15,00,000
2. Group Managers ...	30,000	40,00,000
3, Members of the Group Managing Committees. ...	30,000 (groups)	5,00,000
4- Power Pump Drivers ...	7,000	3,50,000
5. Mechanics ..	970	3,24,000
		66,74,000

The extension and the training programme together will enable to reach the farmer at their door steps with the knowledge and techniques of increasing the yield per acre. Supply of necessary inputs will be dovetailed with the credit programme to finance the inputs. The supply of water will be subsidised under the TIP. It is expected that all these elements will interact in the right direction for the success of the accelerated production programme.

(c) INFRASTRUCTURE SUPPORT

Supervised Co-operative Credit amounting to Taka 180·00 million through the village-based primary co-operatives, supplied and serviced by the Thana Central Associations are the basic institutional credit support to the accelerated foodgrain production programme. Another vital infrastructure support is provided by the TIP with its built-in provision for training, and planning and implementation of the minor irrigation schemes through local participation; strong support being given from the TTDC as the growth centre for the adjoining areas.

Pumps, tube-wells and the small gravity flow schemes are the nucleus around which village based co-operatives will grow. Supervised credits will be channelled to them for financing the input programme. Co-operative supervisory staff will be strengthened by engaging more personnel and enlarging the training base. In 83 thanas, the village-based Co-ops will be federated into Thana Central Associations for more intensive institutional development under the Integrated Rural Development Programme. Additional grants and long-term loan amounting to Taka 16·00 million and short-term loan of Taka 51·00 million will be invested through IRDP. The TIP will finance the training programme, subsidised the pump and tube-well irrigation programmes and ensure the complementary investment for workshops, godowns, water control structure and channel excavation to make water available for pump irrigation.

(d) CREDIT

It has been estimated that total requirement of credit for the Crash Programme in foodgrain production to be undertaken in 1972-73 would be Taka 51 crores.

Against this requirement, the following credit programme agency-wise is proposed. The short-term credit for the programme will be Taka 26 crores, Medium term Taka 11 crores as detailed in the table below:

TABLE VI.

Supply of Credit 1972-73. (Taka in crores.)

Type of credit programme-wise.	Total amount of credit proposed.	Agencies responsible for distribution and collection.		
		Co-operatives.	ADBB.	Taccavi M/o- Agricuture.
(1) Short-Term.				
IR-20 (Aman)	12·00	6·00	1·00	5·00
IR-8 (Boro)	10·00	10·00	...	...
Local (Boro) / IR-8 (Aus)	4·00	...	1·00	3·00
	26·00	16·00	2·00	8·00
(2) Medium-Term. Redemption (Redemption of old debt, purchase of land and others).	11·00	5·00 (including 1·00 for land mortgage)	6·00	..
Total	37·00	21·00	8·00	8·00

Against Taka 51 crores of credit needs, the institutional sources would provide Taka 37 crores which is about 75 per cent. of the total credit needs. Provision in this programme has been made to cater to the needs of only the short-term and medium-term credits for shallow tube-well and other agricultural machinery that would be used for the execution of the programme.

Out of the short-term credit of Taka 26 crores, the co-operatives would distribute Taka 16 crores, the A.D.B.B. would distribute 2 crores and the Ministry of Agriculture Taka 8 crores as taccavi loan. As far as the supply of credit by the Bangladesh Bank for meeting the short-term credit need is concerned, there is as such no constraint in the supply of fund as long as the Government would provide the necessary guarantee for this. On account of organisational limitation, co-operative will not be in a position to handle a larger volume of credit than what has been provided in the programme. It may be mentioned that in 1969-70. co-operative handled about 10·50 crores of credit for rice production.

The Agriculture Development Bank, due to its organisational limitation, cannot provide substantial amount of production credit to small farmers. It may be mentioned that in the past, rice production credit of A.D.B.B. did not exceed Taka 1·5 crores in a year. As institutional agencies are unable to supply adequate credit for rice production, provision has been made for supply of credit of Taka 8 crores for the purpose through Taccavi. Though Taccavi is a poor source of credit on account of its highly discouraging recovery performance, provision has been made for it for next year on account of limitation of institutional agencies to supply larger volume of credit.

Medium Term Loan :

Plough cattle is important capital input for our farmers. It will be necessary to make sufficient supply of credit so that farmers can purchase plough cattle. A.D.B.B. has been the main source of supply of credit for plough cattle in the country. In 1969-70 they supplied about Taka 4 crores on this account. During the year 1972-73 they are expected to supply Taka 6 crores. Co-operatives in the past have supplied nominal amount of credit for plough cattle. They will supply a credit of 4 crores on this account in 1972-73.

Taka 1 crore will be provided by the Co-operative Land Mortgage Bank to small farmers for retirement of old debts from institutional sources and for purchase of lands for having economic holdings.

The limitations of the existing credit institutions to handle a large volume of credit for 1972-73 have to be recognised. However, credit supply from the institutional agencies is being increased substantially in 1972-73 compared to their performance in the past. In 1969-70 the credit supply from the institutional agencies did not exceed Taka 25·00 crores whereas in 1972-73 only for crop production and plough animals, credit supply will be Taka 28·00 crores.

In addition to credit indicated in this programme A.D.B.B. will supply credit for agricultural machinery (Tube-wells, power pumps, tractors and tillers), dairy, poultry and fisheries. Similarly Co-operative will also supply credit for sugarcane production, fisheries and weavers.

Actions will be taken to strengthen the institutional credit agencies so that they can supply large volume of credit by 1973-74 so as to meet full requirement of production credit by the farmers and substantial amounts of other farm capital credit.

(e) MECHANIZED CULTIVATION

The Ministry of Agriculture has proposed to introduce large unmber of tractors and power tillers, e.g., 5,000 tractors and 5,000 tillers under the crash programme. The Planning Commission is now examining their proposal. There are, however, some basic issues that need to be settled first before Bangladesh can go for large scale mechanisation in tilling.

(a) The scattered operation of power tillers and tractors in the country has not proved successful at all in this country. Although quite a large number of tractors and tillers were imported in the past, their operation remained confined mainly to the haor areas, agricultural development estates and Government seed farms, etc. In many areas tractors were used more for hauling rather than for tilling. There have been frequent cases of break-down of tillers. As a result, the efficiency in operation under public ownership has been very low. Private ownership has been negligible. In the Cyclone affected areas a fleet of tractors and power tillers (162 tractors and 569 power tillers) which were so long operated on isolated basis, are now being operated in a concentrated manner. The area coverage under these tractors and tillers have so far been far below than their rated capacity. A number of problems as detailed under, have been and are being experienced in successful operation of these tractors and tillers even in the concentrated areas.

(i) Tractor operation is a highly complicated task. Under individual ownership, it is unlikely to run them successfully except in areas where the size of holding is fairly large.

(ii) It takes about 2 to 4 years before the drivers and mechanics can be fully trained.

(iii) There must be a network of workshop facilities to keep the tractors running smoothly.

(iv) Unless reasonable efficiency in operation is maintained it becomes highly uneconomic to operate a tractor.

(v) Under public ownership, efficiency in operation is much lower. Unless a good co-operative society operates the tractors in the member farms on commercial consideration, it may be difficult to justify big tractor operation either on individual ownership or on public ownership.

(vi) Although the size of the holding may justify introduction of power tiller relative to tractor, the operating cost of a tiller per acre is much higher than a tractor as the servicing and maintenance cost are relatively much higher in case of a power tiller. Moreover, the power tiller involves a higher rate of capital investment per acre than tractors. Without proper organisational base, workshop facilities, training of drivers and mechanics in large numbers, it may not be justified to go in for large number of tractors and power tillers right now. In the irrigated areas such as G. K. areas and the North Bengal Tube-well irrigated areas, over time, there may be a case for introducing tractor and tiller. Because with the increase in the cropping intensity in those areas, there may be a need for quick land preparation which would be possible only by mechanical power rather than by draft power. For this a proper co-operative association would, however, be necessary.

(vii) Large scale mechanisation in tilling may also lead to displacement of labour which can not be brushed aside at this critical period of Bangladesh history.

Considering the limitations particularly with respect to servicing and maintenance facilities and the time-lag involved in formation of viable co-operative societies to run these tractors and tillers, it may be advisable to gather more experience and information on the cost of operation as well as full economic justification before introducing mechanisation in tilling on large scale basis in Bangladesh.

ANNEXURE—A

INPUT PROGRAMME—1972-73.

Item.	Total Quantity.	Remarks.
1	2	3
Fertilizer	4·25 lakh tons	The total requirement will be 4·25 lakh tons *plus* 3 months stock for 1972-73, i.e., 1·11 lakh tons, total 5·36 lakh tons. Available stock on 1-7-1972 will be 3·68 lakh tons. Import requirement is 1·68 lakh tons.
(a) Urea	2·75 ,,	
(b) T.S.P.	1·10 ,,	
(c) M.P.	0·40 ,,	
Seeds	6,42,000 maunds	
(a) Aman (IR-20)	6,00,000 ,,	Seed programme will be through registered growers.
(b) Boro (IR-8)	20,000 ,,	
(c) Aus (IR-8)	12,000 ,,	
(d) Wheat	10,000 ,,	

Item.	Total Quantity.	Remarks.
1	2	3
Pesticides	12,000 Tons	
(a) Conventional	6,000 ,,	Entire quantity to be imported along with necessary plant protection equipment.
(b) Granular	6,000 ,,	
Irrigation		
(a) Pump Irrigation ...	35,000 Pumps	The total irrigated acreage by June, 1973 out of the entire irrigation programme would be 3 million acres, out of which BADC'S contribution would be 1·34 million acres. Additional acreage expected to be covered in 1972-73 would be 606,740 acres of which BADC is to contribute 436,740 acres.
(b) Tube-wells (Deep)—		
(i) Operational ...	2,380 Nos.	
(ii) Sinking	2,400 ,,	
(c) Shallow Tube-wells—		
(i) Operational ...	4,000 ,,	
(ii) Sinking	4,000 ,,	
(d) BWAPDA Irrigation Projects.	12 Projects.	
Extension	Enhanced support to co-operative personnel IRDP organisational support in 83 thanas. 40,000 Extension Assistants. 417 of those officers. Other supporting staff.	There will be on Extension worker for 500 acres of cropped land. The recruitments will be made in a phased manner over the next three years.
Training	30,000 model farmers, Co-operative Managers each, 7,000 pump drivers and 900 mechanics.	From each pump/tube-well group on model farmer, the group managers and the members of the group managers of Committee will give regular weekly training.
Credit (Supervised Co-op.)		
	Taka.	
(a) HYV Aman	4·00 crores.	It will be short-term crop loan in the form of supervised Co-operative Credit IRDP/Credit, both short and long-term will cover 83 thanas as per the programme.
(b) Irri Boro	10·00 ,,	
(c) Irri Aus	4·00 ,,	
(d) IRDP Long Term Loan ...	1·60 ,,	
(e) IRDP Short Term Loan ...	5·10 ,,	

ANNEXURE– B

KEY ELEMENTS DIRECTLY SUPPORTING THE FOODGRAIN SELF-SUFFICIENCY PROGRAMME 1972-73.

(Million/Taka)

Sl. No.	Item.	Total ADP (72-73) provision. Total.	Foreign exchange component.	Agency/Agencies concerned.	Remarks.
1	2	3	4	5	6
1	Procurement, distribution and sale of fertilizer.	198·38	183·37	BADC	
2	Procurement of pesticides and plant protection Equipment.	208·69	185·09	BADC	
3	Procurement and distribution of improved seeds by Registered growers.	12·07	0·64	BADC	
4	Accelerated Rice Production Programme.	2·93	...	Agriculture Ministry	
5	IDA Deep Tube-wells ...	0·60	0·05	Agriculture Ministry	
6	Accelerated Wheat improvement and Development Programme.	0·06	0·19	Directorate of Agril. (R&E).	
7	Plant Protection Service ...	10·30	...	Directorate of Agril. (E&M).	
8	Expansion of Agricultural Extension Training Institutes.	6·50	3·42	Directorate of Agril. (E&M).	
9	Strengthenning of Agriculture Extension Organisation.	6·50	1·25	Do.	
10	Additional Support to Agriculture Extension for food self-sufficiency programme.	8·00	...	Do.	
11	Establishment of 60 addl. Extension Training Institute.	8·00	2·00	Do.	
12	Development of Wheat Cultivation.	1·00	...	Directorate of Agril. (E&M).	
13	MC & P.P.I.	117·00	35·00	BADC	
14	Tubewell Irrigation:				
	(a) Deep Tub-ewell (2400) ...	199·68	120·51	BADC	
	(b) Shallow Tubeweel (4000)	26·07	6·13	BADC	
15	Development of Co-operative credit and marketing structure.	2·45	1·20	Co-op Directorate.	
16	IRDP	28·00	...	IRDP	
17	TIP	116·229	...	Rural Development and Co-operative Dviision.	

B. FLOOD CONTROL PROGRAMME

Flood has become almost a recurring feature of Bangladesh. Every year it causes severe losses of standing crops and inflicts miseries on the rural population. Even some cities are subject to flooding. In the past though technical advice from internationally reputed authorities was sought, no starting results could be achieved to protect crops, properties and lives against flood, mainly because of lack of seriousness on the part of the old colonial regime. It was only from 1970-71 that significant amount of fund started to flow in for the flood control programme and comprehensive studies were taken in hand.

Flood in Bangladesh is both an economic and human problem. Of the total net cultivated land about one-third of 77 million acres is subject to flooding over 3 feet in depth. In a country where man-land ratio is the highest, and where food deficit is increasing due to the rapid growth of population, flood severely limits the scope of expanding new technology of rice which is based on dwarf varieties. So self-sufficiency in food cereals will ultimately depend on successfully contending with flood. Flood also limits agricultural improvements because it poses high risk for farmers in the way of making investment in land and technology.

Thus, control of flood is a critical factor to agricultural progress. WAPDA has prepared a Master Plan for flood control with an estimated cost of Taka 9,960 million, to be completed in 1985. It has also completed 5 multipurpose-flood control-*cum*-irrigation-projects. There are another 25 projects in hand. Total amount so far spent is Taka 1,107 million, and 2·8 million acres of land have been provided with flood protection.

In view of the fact that the two mighy rivers, the Padma and Jamuna are international water courses and cross into Bangladesh through India, the Flood Control Programme of WAPDA needs to be reviewed and newly established friendly relation with India taken into consideration. A joint Board has already been set up. Any major step in respect of Flood Control should, therefore, await finding and recommendation of this Board.

Keeping the above limitation in view Taka 219·2 million have been provided for Flood Control Projects in the Development Budget of 1972-73. The projects include coastal Embankments Phase I, Chandpur Projects, GK. Project Phase II, Urban Protection schemes and Hydrological Survey. Coastal Embankment Project Phase I will be completed in 1972-73. Through these projects WAPDA will be able to protect about 1 million acres of land from flood, and put them under irrigation.

C. THE INDUSTRIAL SECTOR

1. STRATEGY FOR THE INDUSTRIAL SECTOR

Industrial output at the time of liberation accounted for 9 per cent. of GNP with only 6 per cent. emanating from the large scale manufacturing sector. The policy of preserving Bangladesh as a market for the output of Pakistan manufacturers kept modern industry underdeveloped and prevented the effective utilisation of small industries. What industries existed were starved of foreign exchange and had to operate below capacity. Within the large scale industrial sector an important part of both production capacity and the marketing network were controlled by Pakistanis who syphoned off profits from their enterprises to finance investments in Pakistan.

Within this perspective the goals of industrial development must be to compensate for past neglect and build up a dynamic industrial sector to meet the diverse needs of a fast growing economy.

The goals of industrial development may be detailed as follows:

(i) Economic self-reliance.

(ii) Output for the masses.

(iii) Serving the agricultural sector.

(iv) Utilising domestic resources.

(v) More efficient utilisation of existing capacity.

(vi) Increasing export earnings.

(vii) Integration of small scale production with large scale production within the framework of an overall industrial plan.

(viii) Efficient management of the public sector within the framework of State policy.

The decision to move ahead with key on-going projects and to initiate new projects reflects the above policy objectives. Pursuit of these goals was however constrained by shortage of resources. This constraint compelled emphasis on bringing on-going projects to fruition as rapidly as possible whilst initiating work on the more critical of the new projects.

Taka 30 crores have been allocated to Industries. This comes to 5·5 per cent. of expenditure under the ADP, 1972-73. 93 per cent. of investment in this sector was located in large scale industry. Within large scale industry Taka 26·7 crores, 95·4 per cent. of the expenditure, was invested in on-going projects.

Increasing Export Earnings:

Three on-going Jute Mills under construction will be commissioned during the year thereby adding 15,600 tons of jute goods to our annual production of 55,000 tons. Further expansion of the industry will follow a thorough review of jute policy in order to optimise earnings from this most vital of our natural resources.

Utilising Natural Resources:

Work on the Sylhet pulp and paper mill in Sylhet and commissioning of the North Bengal Paper Mill will convert natural resources into productive investments. There is evidence of considerable potential for export of paper and newsprint and we have considerable untapped resources for feeding this lucrative market. Completion of these

two projects and ensuring full production of established projects as at Karnaphuli, will be part of a planned programme of exporting our natural resources in the form of paper and its derivatives.

Serving the Agricultural Sector:

The breakdown of the Ghorasal Urea Factory was a serious setback both to our goal of serving the farmer and the pursuit of self-reliance. Japanese experts are now working to commission the plant during the coming financial year so that its 3,40,000 tons capacity can be utilised in the farm sector as early as possible. Similarly it is proposed to commission the Triple Superphosphate Plants at Chittagong during the year so that by the next full sowing season 4,92,000 tons of fertilizer will be locally available. This will not only reduce our current heavy dependence on external assistance but may even leave some potential for export to India which currently has a large unsatisfied demand for fertilizer.

Self Reliance:

As part of this objective it is proposed to bring the Cables Factory in Chittagong and the Diesel Plant in Joydebpur into full production. The needs of the Power Sector to accelerate its distribution programme of power to the masses will be more adequately served and at considerable foreign exchange saving by the Cable Plant. The Diesel Plant is closely tied up with the power pump programme for which it will provide the motive power. This programme is integral to our pursuit of early self-reliance in food production. In further pursuit of this goal the Machine Tool Plant at Joydebpur aims to go for assembly and progressive manufacture of power pumps.

Over and above the manufacture of power pumps, additional investments in the Machine Tool Plant will aim to bring this project towards completion. For this the project has to be reappraised not just in the light of our development goals but in relation to our import policy by other sectors. The project is our first venture in establishing the foundation of a capital goods industry and its completion and efficient operation is critical to our pursuit of self-reliance.

Another such project, the Chittagong Steel Mill has been compelled to incur heavy losses in its operation as a result of initial defects in planning and subsequent starvation of resources for import. It is intended to make it more commercially viable by introducing the continuous casting process in the plant. This will serve to raise output from the current level of 80,000 tons to full capacity operation around 2,80,000 tons.

The Cement Clinker Factory at Chittagong will also be brought towards commissioning during the year. Its completion will add 3,00,000 tons of cement to the current output from our Chattak Factory.

The Chattak Plant is itself working at half capacity due to lack of adequate and economic supplies of limestone following the suspension of supplies from across the border after 1965. With the emergence of an independent Bangladesh living in amity with its neighbours it will be possible to reopen traditional supplies of Komorrah limestone to the Chattak Factory thereby raising cement output from 80,000 tons to 1,50,000 tons.

Planning for the future :

The heavy claims on resources simply in order to bring certain plants into operation and to push ahead with completion of other on-going projects has left only Taka 1·3 crores

for new investments. This is only enough to begin work on certain basic heavy industrial projects designed again to secure self-reliance and help the masses.

Even with the commissioning of the Chittagong plant and expansion of output at Chattak we will fall far short of our current needs of cement which are estimated at 1 million tons. It has therefore been decided to go ahead with the cement plant at Joypurhat which seeks to use our rich limestone deposits in Bogra and seeks to produce seven lakh tons of cement per year. Similarly a giant petro-chemical complex in Ashuganj is being initiated. This will utilise our abundant reserves of natural gas to produce, *inter alia*, fibres as a partial substitute for cotton imports and PVC sheets for roofing material in the village. Fertilizer produced from this complex will both feed agriculture and earn foreign exchange. A pesticide plant now being initiated in Chittagong will also seek to aid the agricultural sector whilst reducing dependence on aid-financed imports.

It is obvious that this year must be one of consolidation so that the big thrust towards industrial development must wait for next year. For the moment industrial investment strategy merely indicates the trend in government thinking which remains committed to development for the masses and self-reliance.

Promoting Small Industries :

Small Industries are being encouraged. In the ADP the foundations are being laid for a massive effort to integrate small industries into our drive for industrial growth.

One area where a radical departure from the past is envisaged is in the field of handlooms. Here an industry which sustains 2·5 lakh weavers was in the process of extinction. Unequal competition from mill made cloth exported from West Pakistan, plus the exploitation of middlemen was ruining this once-famous industry.

The recent war and the consequent drastic fall in the availability of yarn had pushed up yarn prices to prohibitive levels whilst middlemen and producers earned exorbitant profits.

Both as a socially nesessary measure and as part of a policy to revitalise small industries, the government decided to socialise the distribution of yarn and channelise this directly to the weavers. This task was facilitated by the nationalisation of the cotton textile industry. The policy aims to pick up yarn directly from the mills and distribute it to the poor weavers at economic prices through the Co-operative Industrial Unions and BSIC distribution centres. By the beginning of the 1972-73 ADP almost 100 per cent. of yarn produced in our mills will be distributed through BSIC and the Co-operatives.

The objective of developing the rural areas by diversifying the rural economy, spread of employment opportunities and development of a technology suited to our needs, remains the main objective in our programme to promote the handloom sector and small industries as a whole. During the year drawing from the experience in this bold step to regenerate the handloom industry, a comprehensive blueprint for small and cottage industries will be prepared for integration into the industrial sector of the first Five-Year Plan.

Restoring industrial output :

Our expansion of industrial capacity during the next year has been constricted by shortage of resources and the need to fructify on-going projects. However, this still leaves us with the prospect of substantially increasing industrial output by making good the ravages of war and bringing our industries back to normal production.

During the Liberation War there had been widespread dislocation in the manufacturing sector with damage to life and buildings, loss of tools and equipment, vehicles, raw materials, stores, spares and finished goods caused by the Pakistani occupation forces. As a result industrial output in general declined sharply and virtually came to a standstill by December, 1971.

The value of assets and properties damaged/lost, at replacement cost, in the public Sector of Industries including small-scale works out to Taka 13·47 crores with a foreign exchange component of Taka 6·39 crores and that in the Private Sector industries comprising of units financed through BICIC, IDBB and BSIC amounts to Taka 6·85 crores with foreign exchange component of Taka 4·05 crores. In order to restore physical assets damaged by the war a sum of Taka 2·25 crores was budgeted in the Reconstruction Plan for the January-June period of 1972. Another amount of Taka 6·60 crores has been allocated for 1972-73 as part of the Reconstruction Plan.

It is evident that industrial policy for 1972-73 must restore industrial output to pre-March 25, 1971 levels. It is expected that pre-war output should be attained by the end of 1973. That this target may be realised earlier may be seen by the fact that the jute Industry has already reached 85 per cent. of normal output and expects by September to be back to its pre-war figure. Here and in other sectors we may move beyond reconstruction to a fuller and more efficient utilisation of capacity than pre-war. Increments to output will thereby bring down prices of manufactures and reduce dependence on external sources for our most elementary needs.

Substantial progress has been achieved in restoring the infrastructure necessary to restore normalcy in the industrial sector. Both ports are now fully operational and will have been sufficiently cleared off mines and wrecks to once again become a risk-free port of call. The blockade on our exports has in consequence been lifted and during the last three months ending May, 81,000 tons of jute goods have moved out of the country.

Communications are much improved to carry output to the domestic and overseas market and imports to the market and factory. Some shortages in transport capacity still create temporary local scarcities but here again additions to carrying capacity on land and water is much improved. Expected arrival of transport equipment and planned expansion of capacity during 1972-73 will effectively eliminate all bottlenecks.

Marketing and Banking facilities are now almost back to normal so that industry is now ready for a big leap towards normalcy of production.

This will finally be realised when the programmed flow of raw materials reach th factory floor and are converted into finished products. Shortage of foreign exchang delayed the programming of these exports but industries have been allocated licences t cover 50 per cent. of their rated capacity and goods are under shipment. Improveme in our external reserves will enable us to go in for a much more liberal licensing pro gramme during 1972-73 which will seek to realise full capacity utilisation in the industri sector and particularly in those units producing items of mass consumption.

2. NATIONALISATION POLICY

Restoration of the status quo ante in the industrial sector only marks a first stag in the realisation of our policy objectives. A major effort has to be made to make bo capital and labour more productive. Whilst part of the problem lies in improvi managerial efficiency and investing in areas critical to improved efficiency a major effo has to be invested in motivating labour by providing them with on acceptable institu tional framework in the industrial sector. The past commitments of the governme and the experiences of the liberation war had aroused the expectations of the commo people of Bangladesh and industrial labour in particular. There was an expectation th inequalities in the ownership of wealth would be attacked and that the workers would given a more positive stake in the new order.

On the 26th of March, 1972, the Prime Minister's historical announceme transformed property relations within the industrial sector. As of that date 254 ente prises which account for over three-quarters of assets in the modern industrial sector, we made part of the nationalised sector. Along with these, all Banking and Insurance exce those owned by the foreigners were also nationalised so that the commanding heights the capitalist system in Bangladesh were brought under the control of the people.

In another announcement of parallel significance made on 7th June the Prim Minister made the workers of the industrial sector full partners in the management a benefits of the nationalised enterprises. Workers were given full representation on t Boards of Management of all nationalised enterprises and were promised a share in t fruits of their enterprises.

In these moves the government sought to realise the expectations of the peoples f a new order and to honour its commitment towards a more egalitarian order. Since re-structuring of property relations which seeks to place the means of production und the ownership of the people is one of the pillars of socialism, this massive nationalisati measure was seen as a key element in the move towards a socialist economic policy.

The nature of the objective conditions within Bangladesh facilitated this radical ste In the aftermath of liberation, a large number of enterprises owned by the (Wes Pakistanis were abandoned by their owners. In the enterpreneurial vacuum created this exodus the state was faced with the choice of disposing of these enterprises to loc capitalists or putting them under people's ownership. The Government decided to follo the second course.

In this milieu the state could only seek to move forward by bringing all absentee/ abandoned industrial enterprises with assets above Taka 15 lakhs under direct public ownership. This accounted for 90 per cent. of the assets of such enterprises. Once this step was taken, a major part of the industrial sector was in public hands since enterprises under BIDC already accounted for 30 per cent. of all fixed assets in the industrial sector.

It was felt that the move towards socialism could be carried a stage further by nationalising completely the jute, cotton textile and sugar industry. This move brought enterprises worth Taka 81 crores owned by locals, under public ownership. In so doing it made clear that Bengalis were also not being permitted to grow into an exploiting class and that the main engine for growth in the industrial sector would be the nationalised enterprises.

The move towards nationalisation was, however tempered by an awareness of the managerial limitations of the public sector. Small and medium sized units of Taka 15 lakhs were to be left under private ownership. Owners were to be encouraged to operate efficiently within the framework of social policy.

3. MANAGING THE NATIONALISED SECTOR

Within the nationalised sector the mistakes and inefficiency of public enterprises in the erstwhile Pakistan were sought to be avoided. The principle underlying the administration of nationalised enterprises was that of efficiency, professional competence, decentralised authority and workers participation. In this way the emergence of top heavy bureaucracies in the nationalised sector was sought to be avoided. A leading firm of management consultants has been brought here to design the optimal organisational structure for the nationalised sector, which seeks to embrace the four principles on which nationalisation is based.

As an interim measure, the former Chief Executives of Bengali owned enterprises have been invited to stay on and run their former enterprises in conjunction with a new management board. This has prevented any dislocation in production; the sector corporations will strive to achieve a level of management of the industrial sector, which is efficient and able to motivate themselves according to the new social goals of the people.

For the moment a three-tier system has been set up in the nationalised sector. At the base there is the enterprise which is run by a Chief Executive who presides over a 5 member board. The board has one representative of the Corporation, one from a financing agency and 2 elected from amongst the workers of that enterprise.

The 254 enterprises are under the control of 10 sector Corporations under a Chairman and Board of Directors. These embrace:

Jute.
Cotton Textiles.
Sugar.
Engineering and Shipbuilding.

icals, Fertilizers and Pharmaceuticals.
Gas and Minerals.
Products.

and allied products.
Industries.

rporations will be responsible for the efficient running of the enterprises but em free to look after their own affairs and not interfere with their operations. ion will evaluate the performance of enterprises, formulate policies and see performance is realised.

rporations are in turn responsible to the Minister for Industries who functions stance of a secretariat known as the Nationalised Industries Division of his his again is an evaluating body which will co-ordinate policies and problems rations.

e arrangements will be reviewed after professional scrutiny by the team of consultants and in the light of experience. Workers' Participation in parti- ld and unique step without parallel except in a few socialist countires. Much on how workers will adjust to their new role of partnership in industry and ey acquire the skills and experience needed for participation in management.

the context of these major institutional changes some disruption in industrial night have been expected. In fact, in the two key sectors, jute and cotton, risen since nationalisation. In the jute industry, during the month of March, 30,000 tons. It has risen steadily and stands during May at 41,000 tons. It is at as all concerned adjust to the new institutions and become fully conscious responsibilities output and productivity will rise well above pre-25th March 1971

D. TRANSPORT AND COMMUNICATION SECTOR

ction :

port and Communication system of a country is both an index and a pre-requisite omic growth. The Railway lines, the Roads, the Air Routes, Telephones and of communication serve as the arteries of the economic system of a country. therefore, transport and communication facilities play a fundamental role in the domestic markets and raising the level of economic and social activities. nt of these facilities is basic to accelerate growth in the agricultural, industrial ectors.

iversity of transport needs and of transport media provides the challenge, and unity, of ensuring the development of each carrier in such a way as to produce m transportation system. Any mis-allocation of resources and of traffic, as

between alternative carriers will take us away from the optimum solution to the problem. It follows from the above, that the policy of the national transportation system should be (i) to ensure an inter-modal investment; and (ii) to ensure optimal utilisation and growth of the transport system, through rational allocation of traffic between different modes.

2. Strategy of the Plan :

The Transport Plan of Bangladesh for 1972-73 is formulated at a time when the country has just been liberated from the colonial rulers. Thus far in Bangladesh, the transport system was developed to suit the needs of the colonial rulers. So, no attention was given to realise a balanced transportation system.

Sea ports were developed without developing their internal discharge points. Miles of roads were constructed but the number of vehicles was not increased according to the need. Road gaps were not adequately bridged nor suitable ferries introduced. The specification of roads was also very poor. Almost all the roads are single lane.

The development of the transport sector was largely imitative which failed to take fuller cognisance of objective conditions. As a result lop sided investment took place in roads and railways when waterways had natural advantage to develop at normal cost for use as mass transport medium.

Previously, the arterial traffic in Bangladesh was dominated by imports and exports respectively polarised between the two ports of Chittagong and Chalna. This created wasteful imbalance between incoming and outgoing traffic of the ports, especially at Chittagong. Damages to railway and road facilities between Chittagong and inland points has aggravated the situation. While the railway had great difficulty in the past in coping with the available traffic, the established inland water transport was languishing for lack of traffic on comparable routes. Moreover, each system has been burdened with traffic imbalances on the longer haul services. The net result of these imbalances by mode and direction was higher transport cost and poorer service standard than desired. To correct this situation, therefore, comparatively more traffic, both imports and exports, will have to be diverted to Chalna Port which would ensure higher utilisation of inland water transport capacities and reduction of transport costs.

While arterial movements are vital for the country's economy, it must be recognised that greatest demand for transport services exists at the local level. The requirement for the movement of both goods and passengers within the various districts is far greater than that between the districts. Such contention is supported by the facts that 85 per cent. of all rail passengers travel 50 miles or less, launch passengers' average travel distance is between 20-25 miles; buses providing short haul have expanded rapidly and the numbers of bullock carts and country boats catering to localised demands are vast; by the pattern of population distribution and administrative control; and finally by the agricultural subsistence level of the country's economy. It is virtually certain, on this basis, that local transport demand predominates. It is also found that the subsistence type of economy now predominant cannot materially progress in the direction of a market

economy without basic improvements in local transport permitting a flow of low-volume commodities between village and district markets rapidly, reliably and cheaply. To meet this demand, special emphasis has been accorded to road construction at the local as well as national level and mechanisation of the country crafts.

3. Reconstruction of War Damage :

After liberation the Government assigned top priority to the restoration of transport and communication system. Out of 63 miles of metre gauge and 16 miles of broad gauge railway line 43 miles of metre gauge and 16 miles of broad gaugs railway lines have been restored. Among 295 damaged railway bridges, 82 bridges have been restored permanently and 198 bridges have been restored temporarily, 15 bridges including 5 major bridges, viz., Hardinge, Old Brahmaputra, Bhairab, Tangan and Tista are yet to be restored. Work is progressing on restoration of these bridges. It is expected that the Hardinge Bridge and the Bhairab Bridge (George V) will be made serviceable within 2/3 months through a temporary single line span.

Among 274 road bridges 55 have been permanently repaired, bailies have been provided in 67 places, 96 have been temporarily restored, ferry has been provided in 7 places and temporary diversion road has been constructed in 16 places. Work on restoration of the rest (33 Nos.) is progressing and is expected to be completed before the monsoon sets in.

In the tele-communication field the Khulna exchange with 2,000 lines have been restored. Besides Khulna terminal of the Dacca-Khulna VHF system, Hajiganj repeater station of Dacca-Chittagong microwave system, Mirershari repeater of Dacca-Chittagong VHF system, Gaibandha and Rangpur stations of the Dacca-Rangpur VHF system has been partially restored.

Traffic handled at the ports is quickly returning to its normal position. As compared to 1,31,000 tons of traffic handled by the two ports in March 4,89,000 tons of traffic were cleared by the two ports during May, 1972. Maximum traffic handled by these ports per month in the past was 5·5 lakh tons.

4. A. D. P. Priorities :

Main emphasis in the ADP has been given in the current year to the restoration of the, transportation system to the pre-March 1971 level. In the development programme, on-going schemes which have reached a very advanced level of implementation have been given some priority. Delay in implementation and slowing down the work could result in escalation of costs in terms of maintenance, staff and other contractual liability in addition to the loss of annual benefits implicit in the delay of the project. Some new schemes which are unavoidable have been taken up to eliminate severe transport bottlenecks which have emerged over the recent years. For example, a major expansion in road and vehicle capacity is forseen in-order to cater to the transport needs of the industrial and agricultural production where sharp increases in output are planned. A major proportion of new traffic is expected to move from farms to markets by road, rail and waterways. Provisions have been made to enable them to carry bulk cargo, long

haul and mass transportation and foodgrains which will emerge from the logistical requirements of the relief and rehabilitation programme and the success of agricultural and industrial programmes. It is likely that with control over external resources falling into national hands for the first time there will be a big increment in foreign trade. This will impose a heavy demand for increased port capacity for which adequate provision has to be made. Adequate provision has also been made for expansion in capacity of all modes of transports to see that goods move out of the ports and reach their destination expeditiously and economically.

With a view to establishing the inter-modal relation in a general framework of development, a transport survey is on the way. The planned level of new economic activities during the coming years will place heavy demands on the transportation system of Bangladesh. Augmentation of the transport capacities by re-orientation, rehabilitation, modernisation and expansion of the existing system will be required. This year's programme is drawn up on the basis of maintaining continuity. But a major over haul of transportation system is long overdue and such a programme will be kept ready for providing the basis for the transport plan to be incorporated into Bangladesh's first Five-Year Plan.

5. **Strategy of Rehabilitation:**

The Government of Bangladesh has prepared special programmes for the rehabilitation and reconstruction of the economy of Bangladesh. The programmes are designed to be implemented in two phases. The first phase of the programme whose main objective is to meet the immediate need of relief and rehabilitation, is already under execution and is expected to be completed by June, 1972. In that programme transport and communication was provided a sum of Taka 50·20 (F.E.C. 11·70) million. The second-phase of the programme—the reconstruction and rehabilitation programme in Bangladesh whose main aim would be restoration of the physical capacities of the economy at least to pre-March, 1971 level is much more comprehensive and ambitious in character. This programme would be launched from July, 1972 and is expected to be completed in the next 2 fiscal years, i.e., by June, 1974.

The first objective of the reconstruction programme is to repair the damage and restore the links. Handling capacity in the port as well as the matching inland transportation capacity have to be increased sufficiently to take care of 4·5 lakh tons of imports per month through the two ports. In addition through the inland transport system another 1·5 lakh tons of imports from India will also have to be handled. With the difficulties and bottlenecks in the transport network this will indeed be a gigantic operation. From Chittagong 60 per cent. of cargo used to be moved by rail 20 per cent. by road transport and 20 per cent. by water transport. From Chalna the entire cargo would be moved by water transport to Khulna where from 50 per cent. would move by rail, 30 per cent. by road transport and 20 per cent. by water transport again. The bottlenecks are (i) the inability of the railway system to move goods from Chittagong because of damage to Bhairab bridge and old Brahmaputra bridge. These two bridges will take about a year more to be in a position to be fully operative But by November a single line will span the bridges and make it usuable on an interim basis.

(ii) Road transport is not in a position to handle substantial capacity because of shortage of vehicles and poor road conditions even though temporary repair of bridges is going on well. (iii) Water transport has suffered a great deal but capacity in this sector can be created easily. Marine diesel engines are required to be imported for the passenger launches which require to be urgently rebuilt in local boat yards. (iv) From Khulna not much can move forward because of damage to Paksey (Hardinge) bridge which will take more than a year to be repaired fully. Some temporary arrangements are however, being made to make it operative by September by putting a single line across. (v) Movement from Khulna to the east of Jamuna and movement from Chittagong to the west of Jamuna are greatly hampered by the destruction of the ferry facilities. (vi) The capacity of the railway system has further been reduced by damage to tracks, rolling stocks, signalling system, communication links and station and siding facilities.

The permanent rehabilitation of the system should look into the possibilities of rationalisation of the network as a whole starting with reordering of preference between Chittagong and Chalna and programming of imports.

6. Highlights of the Programmes :

The abstract of the development programme and second-phase rehabilitation and reconstruction programme for 1972-73 is given below :

A: REHABILITATION AND RECONSTRUCTION PROGRAMME

(Taka in million)

Name of Sectors	Total Programme		1972-73	
	Total	F. E.	Total	F. E.
1. Chittagong Port	14·4	6·2	0·50	0·40
2. Chalna Port	28·6	21·1	0·02	0·02
3. I. W. T. A.	30·19	20·31	25·79	20·16
4. B. S. C.	0·3	0·3	0·3	0·3
5. B. I. W. T. C.	71·09	49·26	71·09	49·26
6. Civil Aviation	85·44	12·88	52·20	9·90
7. Roads	72·5	21·8	50·0	13·50
8. B. R. T. C.	10·8	4·4	8·2	3·40
9. Railways	245·0	120·0	99·6	57·70
10. 2,000 Trucks	223·0	111·0	111·5	55·50
11. 1,000 Buses	128·5	55·5	64·25	27·75
12. Bangladesh Biman	35·73	35·73	35·73	35·73
13. Radio Bangladesh	8·75	3·40	3·60	2·90
14. Telegraph and Telephone	47·9	22·2	36·9	16·5
15. Post Office	2·9	..	1·9	..
Total	996·35	479·75	557·98	290·02

The allocation of Taka 557·98 million accounts for 47·61 per cent. of the total Reconstruction Programme for 1972-73.

It should be mentioned here that the rehabilitation and reconstruction programme not merely aims at replacement of old assets which have been damaged but also proposes improvement in the transport system in order to rectify deficiencies which have been revealed under the existing situation. This reconstruction has been taken as an opportunity for improvement over the old assests and the past decisions.

The allocation of Taka 424·12 million accounts for 13·32 per cent. of the total A. D. P. provisions for 1972-73.

B. DEVELOPMENT PROGRAMME FOR 1972-73 :

	Name of Sectors.	Provision for 1972-73.			F. Exchange required for 1972-73.		
		Total.	On-going.	New.	Total.	Own resources.	Project Aid.
1.	Chittagong Port	25·55	23·00	2·55	11·33	0·98	10·35
2.	Chalna Port	1·05	1·05	...	0·05	0·05	...
3.	B. R. T. C.	1·30	0·30	1·00	1·30	...	1·30
4.	B. I. W. T. A.	33·08	32·68	0·40	23·37	...	23·37
5.	Bangladesh Rly.	142·14	137·74	4·40	115·68	...	115·68
6.	Roads & Highways	92·96	88·66	4·30	55·41	6·73	48·68
7.	Bangladesh Biman	8·96	0·75	8·21	8·04	1·00	7·04
8.	Civil Aviation	4·70	3·70	1·00	..	...	...
9.	Post Office	7·23	7·23	...	1·65	1·65	...
10.	T & T. Department	88·50	77·50	11·00	41·82	4·95	36·87
11.	Bangladesh Television Corpn.	5·52	5·52	...	1·80	1·80	...
12.	Radio Bangladesh	10·20	10·20	...	3·64	0·20	3·44
13.	Meteorological Department.	2·50	1·00	1·50	0·44	0·40	0·04
14.	Transport Survey	0·43	0·43	..	...	...	..
	Total	424·12	389·76	34·36	264·53	17·76	246·77

E. POWER AND NATURAL RESOURCES

Strategy of Development:

Although consumption of electric power is regarded as an index of economic growth, did not grow in a planned manner in the past. Some imbalance crept into the power evelopment system in the sense that installed capacity exceeded the transmission and istribution facilities. Therefore, during the year the main strategy in this field will be to orrect the imbalance by building adequate transmission and distribution lines as quickly s possible. Accordingly, maximum allocation has been made for these projects in the nnual Development Programme. Development of natural resources and promotion of cientific and technological research suffered most in the past as they were under the irect control of the erstwhile Government of Pakistan. From now, these areas will be eceiving greater attention with a view to harnessing these resources to development. espite paucity of funds adequate allocations have been made to their agencies during he current year to gear up their activities.

ADP for 1972-73:

The Annual Development Programme for 1972-73 provides for an expenditure of aka 354·00 million with a foreign exchange component of Taka 87·837 million for 0 on-going schemes of this Division. It thus accounts for 11·10 per cent. of the pro-osed total expenditure for the Annual Development Programme of the country. The otal allocation will be shared by six agencies under this Division—BWAPDA (Power)—aka 325·614 million, Bangladesh Atomic Energy Commission—Taka 3·156 million, eological Survey of Bangladesh—Taka 1·00 million, Titas Gas Transmission and Dis-ibution Co.—Taka 3·800 million, Oil and Gas Development Corporation—Taka 20·330 illion and the Bangladesh National Scientific and Technical Documentation Centre—aka 0·100 million. The bulk of the allocation amounting to 68·73 per cent. of the llocation to the Power Sector has been made to transmission and distribution projects n order to remove the imbalance in the system. The allocation is as follows:

(In million Taka.)

Name of Sub-Sector.			Total provision.
1. BWAPDA (Power)			325·614
(a) Generation	90·309	27·65%	
(b) Transmission	69·785	21·43%	
(c) Distribution	153·819	47·30%	
(d) Miscellaneous	11·701	3·62%	
	325·614	100%	
2. Bangladesh Atomic Energy Commission			3·156
3. Geological Survey of Bangladesh			1·000
4. Titas Gas Transmission and Distribution Co.			3·800
5. Oil and Gas Development Corporation			20·330
6. Bangladesh National Scientific and Technical Documentation Centre ...			0·100
Total ...			354·000

3. **Physical Programme for 1972-73:**

1. **Power Development**—(a) *Generation*—An allocation of Taka 90·309 million has been made for 7 generation schemes 3 of which are almost completed and some are at the final stage of implementation. The 60 MW North Bengal Thermal Power Station at Bheramara is the only new project to be taken up for implementation this year. The project is designed as a step towards correcting the imbalance in power generating capacity between the Eastern and Western Zones of Bangladesh. With the completion of the 60 MW Khulna Thermal Power Station and the first unit of the 110 MW Ghorasal Power Station during the year, the total generating capacity will rise to 650 MW (Eastern Zone: 491 MW and Western Zone: 159 MW).

(b) *Transmission*—Taka 69·785 million has been provided for 9 transmission projects some of which are almost completed and some are at the intermediate stage of construction. Only some minor addition to the existing transmission lines will take place to raise the total length from 514 miles to 520 miles by the end of the year. Another 454 miles will remain under various stages of construction.

(c) *Distribution*—Top priority has been accorded to distribution projects by making an allocation of Taka 153·819 million. This has been done in order to remove the imbalance between generating capacity and distribution facilities within the shortest possible time. Addition will be made to the existing 33 KV/11 KV and 400 volt lines to raise the total length from 5,986 miles in June, 1972 to 6,630 miles by the end of June, 1973. Another 2,470 miles will continue to remain under construction.

(d) A comprehensive programme for rural electrification which had been in the mind of the planners since the early days but could not take root on the ground, will require a detailed feasibility study both technical and economic, before full-fledged commitment is made. So a provision of Taka 4·00 million has been made in the programme with a view to enabling the detailed feasibility study on the subject. The objective behind the rural electrification scheme is the dispersal of economic opportunities in the rural areas by providing electricity there for running power pumps and tube-wells, lighting bazars and hats, and running rice/flour mills, etc. The programme will be a part of a planned effort to bring development direct to the rural masses and to provide them with opportunities of a better life.

The following table will indicate the overall position of power development:

Item.	Position as on June, 1972.	Estimate as on June, 1973.
1. Installed capacity (MW) -- --	535	650
2. Maximum demand (MW) -- --	180	275
3. Route length of transmission and distribution lines (Miles).	6,500	7,150

2. **Bangladesh Atomic Energy Commission**—An allocation of Taka 3·156 million has been made to this agency for 5 on-going projects. The Radiation Genetics Institute at Mymensingh will be completed during the year and two medical centres, one at Chittagong and the other at Rajshahi, which are already completed will be formerly inaugurated.

3. **The Titas Gas Transmission and Distribution Co.**—Under the 'Titas Gas Transmission and Distribution Project', gas connections will be given to 20 industrial consumers, 30 commercial customers and 1500 domestic customers during the year. The city distribution net work will be extended by about 15 miles. The allocation for this project is Taka 3·8 million.

4. **Oil and Gas Development Corporation**—A provision of Taka 20·330 million has been made for 'Oil and Gas Development Project'. Two drilling operations are at the final stage for testing. This will be completed during the year and two more drilling operations will be taken up. The USSR assistance team has arrived and will be engaged in actual drilling operations soon after the preparation of the work programme, now in hand, is over.

5. **Geological Survey of Bangladesh**—Only two projects have been taken up by this authority, one in the Rangpur-Dinajpur area and the other in Bogra-Rajshahi area. Detailed geological and geophysical surveys supplemented by test drilling at selected locations will be undertaken. The total allocation for this agency is Taka 1·00 million.

Geological investigations in the past led to the discovery of coal and lime stones in the above-mentioned areas. The present projects have been undertaken to extract detailed information on their distribution and extent of deposits. In addition, the projects will help determine the extent of hard rocks and ground water potential in the areas.

F. EDUCATION AND TRAINING

Education apart from being a fundamental human right, is a major determinant for overall economic growth. It is a common service infusing life blood into veins of a country's economic system. Empirical research carried out in many parts of the world has proved beyond doubt, that investment in education is bound to pay high dividend and hence the need for assigning high priority to education in all Development Plans. Enormous resources will be required to meet the demand of Education Sector. However, in view of the present exigencies and because of the pressure for large investment in quick yielding projects in agriculture and some other sectors, it may not be realistic to make heavy commitment to education in the country's First Annual Plan. As a measure of economy, resources allocated to education will be spent effectively on high priority projects which are directly related to building a more purposeful educational base. The main objective of the Annual Development Plan for 1972-73 will be—

(a) to invest maximum possible amount on primary and adult education;

(b) to reduce the existing disparity in education services among the rural and urban population through equitable distribution of resources;

(c) to move towards correcting the present serious imbalance between the manpower needs and educational output;

(d) to give high priority to qualitative improvement and to provide economically useful kinds of education and training;

The Education Sector suffered heavy losses during the year 1971-72, as most of the country's educational institutions were the major targets of the Pakistan Occupation Forces. A provision of Taka 129 million was made in the ADP for 1971-72 but it was hardly possible to incur large expenditure on the development programme during the period under occupation. After the liberation of the country, a revised budget was drawn up for six months (January to June, 1972) with a provision of Taka 50 million for education. The major emphasis was on rehabilitation of the educational institutions, teachers and students. Over 20 million Taka was spent on the award of scholarships and stipends to the deserving students at different levels. In addition, an amount of Taka 66 million was made available during the year for rendering immediate effective relief and for rehabilitation of educational institutions.

In view of the present deteriorating condition of education in the country, a high-powered Education Commission has been set up by the Government to investigate into the problems of education and to suggest measures for removing the major deficiencies in the system. The First Annual Plan will form an integral part of the country's Perspective Education Plan to be formulated on the basis of recommendations of the Commission. For obvious reasons, a short-term strategy will be adopted during the first year to meet the urgent and immediate demands in various sub-sectors of education.

Education of the masses is a major commitment. About half the nation's children is at present outside the primary schools. A million adult illiterates will be added every year to the present stock of 40-45 million. Illiteracy and ignorance being a great threat to our very existence, the problem has to be tackled on a war footing by mobilising the entire nation.

The present acute shortage of skilled manpower is critical for the future economic development of the country. The country urgently needs adequate supply of skilled and trained manpower through its system of education. The serious imbalance existing in the system of education between the manpower needs and educational output has to be removed as a matter of high strategy and hence the need for spending more on technical and vocational education.

The secondary education should be geared to training the vast majority of young people in the rural areas atleast to enable them to earn a subsistence living in the country's agricultural economy. About 95 per cent. of the high schools are privately managed and they mostly serve the rural areas. There is an urgent need for providing pre-vocational, craft and trade courses in all secondary schools with greater emphasis on science and mathematics. The future strategy will be to assist the private high schools develop along these lines until the time these schools can be taken over by the state.

The present lengthy system of education has created a serious problem with increasing pressure of university entrants for higher education. Higher education is expensive and largely restricted even in rich and advanced countries. Education at the college and university level should, therefore, be guided by the manpower needs of the country's economy. To avoid unemployment and frustration among the educated youth and to build a stronger base of education at the village level, higher education need to be restricted only to deserving scholars by raising admission requirements. There is hardly any justification for expensive and unrestricted growth of universities when it has not been possible to provide basic needs of primary education for the rural population.

There is, however, a greater demand for expansion of agricultural education at the university level. While agricultural courses at the school level will mentally prepare our youths to seek self-employment in the villages, experiments and applied research in the field of crops for increasing crop yields and crop varieties have to be conducted at the university level. The Agricultural Universities, besides awarding degrees, have a far more important service to perform for the nation. The University has to undertake extensive training of farmers in the modern methods of agriculture in association with the co-operatives, and finance this programme out of its own allocation in the current year on a high priority basis.

The base for training of teachers for various levels of education is too weak to meet the requirements of trained teachers for the expanded system of education. About half the primary school teachers are untrained. The percentage of untrained teachers at the secondary level is as high as eighty per cent. Progress in technical and vocational

education is seriously held up for dearth of trained teachers. A more useful and unconventional method of training teachers has to be evolved to meet the ever-increasing demand for trained teachers.

Consistent with the policy of the Government, maximum efforts will be made to provide equality of opportunity through an equitable system of distribution of resources. Meritorious students from comperatively lower income groups will be covered by awards through a liberal system of scholarships and stipends.

Major Programme and Physical Targets :

During the year 1972-73, a sum of Taka 200·1 million has been allocated to the education sector. The distribution sub-sector-wise will be as under :—

(i) General Education	100 million.
(ii) Technical Education	47·500 million.
(iii) Universities	40 million.
(iv) Central Schemes	5 million.
(v) Survey, Statistics, Planning, Research, etc.	7·001 million.
(vi) Public Administration and Publicity	0·600 milloin.

Primary Education :

The base for the introduction of universal primary education is too weak and unless large resources are allocated to primary education, it will be almost impossible to fulfil the commitment already made publicly. A sum of Taka 41 million has been provided for establishment of 100 new primary schools and development of 3,000 primary schools in the rural areas. During the year three hundred thousand additional primary school children will be enrolled in the village primary schools.

Adult Education :

The programme of adult education covering 8 Thanas under the Directorate of Public Instruction will be continued as at present. At the national level, a comprehensive scheme of functional adult literacy at a cost of Taka 3 million has been drawn up by the Ministry of Rural Development and Co-operatives for implementation during the year. As essential pre-requisities for launching the programmes at a mass scale, a programme covering training of teachers, preparation of reading and follow-up materials and organisation of village co-operatives will be given high priority.

Secondary Education:

Secondary education in the past generally remained literary and academic. Of the 11 schemes to be financed during the year at a cost of Taka 15 million, an amount of Taka 5·5 million will be spent on 400 secondary schools for introduction of craft and trade courses and provision of facilities for teaching science. Construction of 15 Government High Schools including 5 for girls will be completed at a cost of Taka 1·300 million and about 300 secondary schools will be developed at Taka 7 million. Six Residential Model Schools have already been established with some important items of work left over. These institutions will be completed in all respect at an expenditure of Taka 1·400 million. However, the question of full and proper utilisations of the physical facilities provided in these model schools by converting them into technical or Agricultural Colleges will be seriously examined.

Teacher Education :

A sum of Taka 4·000 million has been provided for the development of Teachers Training Institutions. The programme includes development of 47 Primary Teachers Training Institutions, 7 Teachers Training Colleges, expansion of the Education Extension Centre, Dacca and the College of Physical Education. In all, about 10,000 teachers of primary and secondary schools will be trained every year. The number of training institutions being small, the question of undertaking a crash programme for training of teachers in some of the existing Government Schools and Colleges at a comparatively small expenditure is under consideration.

Technical, Vocational and Engineering Education :

In view of the high priority given to the technical and vocational education at proportionately higher allocation has been made for this sub-sector. An amount of Taka 39·500 million has been allocated for the development and completion of 19 mjor schemes. In addition, Taka 8·000 million will be spent on award of scholarships. The Engineering Colleges at Rajshahi, Chittagong and Khulna and conversion of 6 technical institutions into poly-technics will be completed. The first phase of the scheme for establishment of 50 vocational institutions out of 350 to be set up at Thana level will be completed. The work for establishment of another 18 vocational institutions at Subdivisional Headquarters will continue. The establishment of training centres within the major industries of the country will be seriously examined and creation of a consortium of industrial concerns for financing workers training will be explored. As a result of large investment on technical education, the enrolment capacity of the institutions is expected to increase by 2000 students.

College Education :

Further development of college education will be mostly confined to on-going schemes. A sum of Taka 13·600 million has been allocated to projects for construction of class rooms, science laboratories, purchase of books, equipment, etc. Of the total expenditure proposed to be incurred during the year almost the entire amount will be spent

on development and completion of Government Degree and Intermediate Colleges. A sum of Taka 2·500 million only has been allocated for development of science facilities in 50 non-Government Intermediate Colleges including 12 for girls. Some items of work of the 3 Cadet Colleges will be completed while their further expansion will await a careful considerarion of their role in view of the ideology of the State. A provision of Taka 25 lakh has been made for starting work on two or three new Agricultural Colleges in the so-far neglected parts of the country.

University Education :

The demand for unviersity education is too high to be accommodated within the limited resources available for education in the country's development plan. The pressure from the university authorities for higher allocation is equally strong and consequently higher allocation tends always to be given at the cost of other important sub-sector of education. Allocation of resources to education as a whole vis-a-vis the Universities has to be reviewed and made more objective and rational. In the present context, it was necessary to reduce the demand of universities to Taka 40·000 million to cover only those projects already in the advanced stage of development. The already developed universities of Dacca and Rajshahi need to be consolidated with existing physical facilities fully utilised economically. Evaluation of the development plans will be carried out with a view to economising expenditure on construction. The buliding programmes of the newly established universities of Chittagong and Jahangir Nahar will be reviewed and the architectural designs reconsidered to eliminate lavish expenditure.The Agricultural University, Mymensingh being a high priority aided project and at an advanced stage of development, an amount of Taka 10 million has been provided for its development and completion of on-going works.

Scholarships and Stipends:

An amount of Taka 22·700 million has been earmarked for providing shcolarships and stipends to deserving students.About 20,000 students at all levels will be directly benefited from the scheme. In addition, universities will finance their own fellowship schemes for higher studies and research out of their own allocations.

Education Research and Evaluation:

It is not expected that enough funds will be available from public sector for financing education of the entire nation for some time to come. In view of resources constraints, it is extremely important to undertake an operation oriented programme of research in education and to carry out evaluation of major education projects. Any expenditure on such programmes will pay high dividend in assigning the effectiveness of educational investment for economic planning of education in furture. The sponsoring agencies will be permitted to undertake educational surveys and research and to spend a quarter of their total allocation on such highly profitable activities.

Library, Culture and Special Projects :

An amount of Taka 2·880 million has been provided for Bangla Academy for Bengali language and literature, museum, sports and games, schooll unch programme, etc. including Taka two hundred thousand for collection of relics and momentoes of the Liberation Movement of Bangladesh.

Miscellaneous Programmes.:

Provision has been mde for development of training facilities in the National Institute of Public Administration, Gazetted Officers Training Academy and Bangladeh Staff Training Institutions.

G. HEALTH AND FAMILY PLANNING.

The ultimate objective and goal of all socio-economic planning is the well-being of man as member of a society free from hunger, poverty and disease. Epidemics and other communicable diseases take a heavy toll of life causing large waste of national resources. Moreover, a healthy man, besides being a source of strength to the society, is an important factor for economic growth and productivity. As a matter of policy, increasing attention and high priority will be given to the nation's health services in all future socio-economic plans.

The present high growth rate of population will neutralise all gains in the country's economy and unless positive safety measures are adopted in the immediate future the situation is bound to explode. As a matter of urgency, the family planning programme will be given high priority in the ADP for 1972-73

While the preparation of a Perspective Plan for national heath services will take some time, the Annual Plan has been guided by the major objectives stated as under:—

(1) To give high priority for expansion of heatlh services in rural areas.

(2) To organise better and adequate medical facilities for workers' families within the industrial establishments.

(3) To co-ordinate the activities of all agencies concerned with sanitation, water supplies disposal of sewerage, etc., for effective control of diseases and epidemics.

(4) To develop a balanced programme of preventive and curative services.

(5) To adequately provide for the training of nurses and pera-medical personnel for strengthening medical services particularly at the village level.

The health services of the country received a serious set-back during the period of Liberation Movement. The total damages caused to the country's medical services during the period estimated to be over TK. 9·00 millions. A large number of doctors and other medical personnel were killed by the occupation forces. An amount of TK. 95·00 million was allocated during the year 1971-72 to the Health Sector covering health services, family planning and malaria eradication programme. Inspite of the fact that the Health Sector received small allocation during the year, it was hardly possible to spend more than TK. 21·00 million of the total allocation during the period from July to December, 1971. In the Revised Budget for six months, a sum of TK. 32·90 million was allocated to the Health Sector. Although the first-half of the year was characterised by disruption of normal activities and genocide committed by the Pakistan Army, limited construction work continued during the later part in four medical colleges. The programme of Modernisation of 3 Sadar Hospitals, viz. Kushtia, Faridpur and Jessore was nearing completion and the work for completion of 100 bedded Infectious Diseases Hospital at Mohakhali made considerable progress.

The malaria eradication, a major development project in the preventive side of the Health Sector, continued satisfactorily and out of the total allocation of Taka 37·45 million for the whole year, an expenditure of Taka 25 million is estimated to be incurred by the end of the year on salary of staff and continued work on spraying and surveillance, etc.

The work of the family planning programme involved an estimated expenditure of Taka 19·00 million out of the total allocation of Taka 29·96 million for the year 1971-72. The amount was spent on salary of staff and services rendered to the community under a number of schemes covering insertion of IUD, Vassectomy, distribution of oral pill and conventional contraceptives.

Strategy and Programme:

The proposed Annual Development Programme for the year 1972-73 envisages considerable expansion of medical services in the rural areas, provision of more facilities for medical education, intensification of training courses for nurses and para-medical personnel under the regular and a crash programme. A sum of Taka 120·00 million has been allocated to the Health Sector to be distributed to the following major sub-sectors :

	Taka.
(1) Health Services	60·00 million
(2) Family Planning	30·00 million
(3) Malaria Eradication	30·00 million
Total ..	120·00 million

ervices :

thin the Health Services the major emphasis will be on the development of lth centres and sub-centres at a cost of 33 per cent. of the total allocation h Sector as a whole. Consistent with the policy of the Government and as a major ncreasing medical facilities will be provided for the common men. The programme for envisages the establishment of 110 rural health centres and 330 sub-centres in ges.

order to meet the present acute shortage of para-medical personnel for hos- nd rural health centres, over 1000 persons will be trained during the year on, 500 doctors and over 100 nurses will turn out from the existing institutions. stion of undertaking a comparatively larger programme for training of nurses ive serious consideration and support during the year. It may be possible to icient number of nurses as a part of the development of the hospitals with small l expenditure.

e resources allocated to Health Sector being limited, construction programmes fferent programmes will be confined to on-going schemes. As a matter of stra- to derive maximum benefit out of the investment already made, allocations n made for completion of those buildings programmes which are nearing comple- e construction programme will largely cover completion of some buildings at t, Rangpur, and Barisal Medical Colleges, the Institute of Public Health, Dacca, of Training of Para-Medical Personnel at Dacca and Rajshahi, the Mental Hospital , etc. About 1000 medical students will be covered by the scholarship scheme he Health Sector.

e activities of the Family Planning Organisation will considerably be expanded timated cost of TK. 30·00 million. For effective functioning, necessary re-organi- f the existing set-up will be considered. The major programme of the Family Organisation will include services to be rendered to 10 lakh coulpes during the 2-73, setting up of 60 clinics, and expansion of the pilot project scheme to cover of districts and subdivision headquarters. The pilot project has been designed le extensive supplies with adequate follow-up arrangements. The Family Planing ill maintain mechanical fleets and a few motor boats for quick movements in ine districts.

the success of the entire orgnaisation will largely depend on the acceptance y Planning Techniques by the rural population, it is intended to spend consider- ount on educational and motivational work. Extensive publicity work will be en during the year in co-operation with other concerned Ministries viz. the Edu- ural Development, Social Welfare, Agriculture and Information.

onducting of Survey, evaluation and research are extremely important for the of the family Planning programme. While the Inspection Directorate of the Family

Planning Organisation will carry out inspection of the programme independently, the T.R.E.C will be responsible for conducting survey, research and evaluation work. The Directorate of Post-Partum will extend its activities to cover 19 district hospitals during the year.

The normal activities of the Malaria Eradication Board will continue and be expanded at a cost of Taka. 30·00 million. The programme will generally include spraying and surveillance operations, survey and pre-maintenance activities.

H. PHYSICAL PLANNING AND HOUSING

The overall objective of the Physical Planning and Housing is to create conditio ns or congenial living and balanced growth of urban and rural communities and regions. This involves long term preventive and short term curative measures to preserve and improve upon the environment. The programmes with which this goal is achieved are spatial planning of cities, towns and industrial centres, low cost housing for low income groups and development of public utilities such as Water Supply, Sewerage, drainage and fire prevention.

The Problems :

In Bangladesh, growth of Physical welfare facilities and services has not kept pace with economic growth. A lack of resources, ineffective controls and over-crowding and inability to provide essential facilities and services have resulted in deteriorated living conditions i. e., deteriorated environment.

The housing situation in the country as a whole and in the urban areas in particular has been gradually deteriorating over decades. The housing backlog in the urban areas has increased progressively. There has been no reliable data regarding urban housing shortage. But if the over-crowded slums, shanties and thousand of squatters are any indication we have a giant-sized problem right now which demands urgent attention.

The position of water supply and sanitation are getting more serious with the post liberation influx of rural population into the three urban growth poles of Dacca, Chittagong and Khulna. According to one estimate in these urban areas not more than 30 per cent. population has access to piped water supply and a lesser percentage to a piped sewer disposal.

The land–people ratio in the rural areas is already in a precarious balance and it is no idle conjecture to say that in the coming years, population growth will be synonymous with urban growth. With our present inadequacies in terms of facilities and utilities in the existing urban areas, the effect of probable influx of such added population defeats imagination.

The immediate need is to approach the problem from the regional development concept and to create new growth poles for urbanisation. We do not have either the nstitutional and financial resources to embark upon such a task.

The rural settlement pattern posses great problems of conservation of scarce agricultured land and provision of facilities and utilities. The settlement pattern needs to be changed and geared to our future needs for which legislative, economic and control measures are non-existent.

The need for institutional buildings has greatly increased but lack of resources puts obstacles to launching of a matching programme.

The tourism potentials of the country has increased manifold with the creation of Bangladesh. Due to lack of proper infra-structures Bangladesh is being deprived from its due share of the largest single business of the modern world.

The need of the other nation building productive sectors are undeniable but we must not lose sight of the fact that, unless we create a decent and healthy environment to match the programme of industralisation and agricultural development, the Physical and social problems due to deteriorated environment may slow down and even halt economic growth.

All these problems are very real and urgent. But under the very extraordinary circumstances of the post-liberation reconstruction phase we can only embark upon the very short range programmes under this sector.

The Policy and Strategies :

Since the main objective of this year's Annual Development Programme was to emphasize projects which are likely to add to output, the Physical Planning and Housing Sector had to accept a modest plan allocation. The allocation for 1972-73 for this sector is Taka 151·00 million, which accounts for less than 5% of the total Development Programme.

This modest allocation makes it possible mostly to carry on with the on-going projects which accounts for 80 per cent. of the sectoral allocation. Within the on-going projects again, selectivity has been emphasized by concentrating on projects likely to benefit the masses.

Low income housing for displaced persons and Public Servants' housing, especially the Class III and Class IV categories have been given priorities.

Similarly, projects to give water supply to the towns and villages, which are directly beneficial to low income groups, have been allocated as much as 50 per cent of the total allocation for this sector.

Building programmes, which were on the way to completion have been provided for completion, so that their capacities could be immediately used to improve the scarcity of both office and residential accommodation.

Little could be done in the way of New Schemes under the different sub-sectors. The notable exception in this regard is however the launching of a new scheme for construction of 35,000 dwelling units for low income groups in the urban areas which, though modest in size, is expected to provide experience with respect to cost, general acceptability, management and technological aspects of low-income urban housing.

No scheme on rural housing has been included under this sector as housing in rural areas at this point of time is still a matter of reconstruction. The allocation of Taka 820·00 million under the Reconstruction Programme would go a longway in replacing the destroyed dwelling and effecting an overall qualitative improvement in rural housing standards.

Until the rehabilitation and reconstruction phase is substantially completed a major housing programme to remove slums and improve conditions of low income groups must mark time. It is hoped that by 1973-74, a full construction programme based on the experiences with low income housing initiated in 1972-73, will be put underway.

Policy measures will seek to totally discourage luxury housing, so that scarce resources such as land, cement and steel are preserved for socially more productive sectors. The emphasis because of acute shortage of urban land, shall be in the construction of multi-storied buildings both for office and public housing.

Programme for 1972-73:

In spite of the severe limitations imposed by the resources constraints, the Physical Planning and Housing Sector has been provided with an allocation which can be favourably compared with the expenditures in the previous years. The following allocations are made for 1972-73 :

	1972-73 (Allocation).
I. Basic Development:	
(a) Urban Dev. Directorate	1·000
(b) Building Research Institute	1·000
II. Housing:	
(a) Low Income Housing	30·000
(b) Public Servant's Housing	10·000
(c) Ancillary Housing—	
(i) Town Planning	
III. Government Offices and Buildings:	
(a) Buildings Directorate	10·000
(b) Bangladesh P.W.D.	9·607
IV. Community Services and Utilities:	
(a) Dacca WASA	30·000
(b) Chittagong WASA	15·000
(c) Public Health Engineering	30·000
(d) Fire Services	1·000
V. Aid to Local Bodies:	
(a) Dacca Imrpovement Trust	8·000
(b) Chittagong Development Authority	2·875
(c) Khulna Development Authority	2·000
VI. Tourism	0·400
	151·000

Under the Housing and Settlement sub-sector, there are 15 on-going schemes for creation of housing estates in different regions of the country. All these schemes are in the penultimate stages of construction. This year's allocation will mainly be utilised for clearing of liabilities, payment of compensation and minor development works needed to make the created capacities fully usable.

Besides these on-going projects, a new scheme for the construction of 35,000 urban dwelling units has been included. The allocation of Taka 24·8 million in the ADP has been made to start pilot projects in the different urban centres. The experiences gained from these pilot projects will determine the strategies for launching a massive programme for housing the Bastuharas and other low income groups in the coming years.

The water supply and sewerage projects of the Dacca and Chittagong WASA are in an advanced stage of completion. An attempt has been made to maintain the rate of progress. Allocation of Taka 30·00 million and Taka 15·00 million has been made for the Dacca WASA and Chittagong WASA respectively. Together this allocation amounts to 30 per cent. of the total sectoral allocation.

The water supply and sewerage programme of the Public Health Engineering includes, Rural Water Supp'y Scheme (sinking resinking of tube-wells), water supply scheme for 30 municipal towns, Khulna water supply and sewerage scheme, water supply to off-shore islands, village sanitation and other long term schemes.

This year's allocation will make possible completion of water supply schemes in 9 important towns and a number of municipal towns, and considerable progress in the remaining water supply schemes. With the completion of the rural water supply schemes and other on-going programmes, there will be more than 400 tube-wells in each thana, which will satisfy a long-felt need for a safe water supply in the rural areas.

The attempt to make available the fruits of development directly to the masses in the form of subsidised housing and water supply, has caused a certain amount of deprivation to the other sub-sectors. Efforts have been made to distribute the remainder of the sectoral allocation strictly on priority basis and also on the merit of individual schemes.

I.—RECONSTRUCTION AND REHABILITATION PROGRAMME

The Reconstruction Programme for 1972-73 in the various sectors in the previous pages are summarised below. The major objectives of this programme can be stated as follows :

(a) To meet all physical requirements for industrial recovery by June 1973.

(b) To rehabilitate the transport and communication system in order to meet minimum necessary requirements for movement of goods.

(c) To repair the system of power transmission and distribution for meeting the necessary demand for power.

(d) To repair public buildings and structures for satisfying emergency requirements and acquire the minimum necessary vehicles and equipments for smooth functioning of all agencies of the Government.

(e) To reconstruct and repair all physical facilities and assets in the education sector.

RECONSTRUCTION PROGRAMME

Education Sector:

Educational institutions from the primary to the university levels suffered extensve damages during the liberation war. A sum of Taka 51·00 million including a foreign exchange component of Taka 17·7 million will be spent for the reconstruction of this sector during the financial year 1972-73. The main expenditure will be on the repair of buildings, replacement of books and equipment, transports, furniture and other assets. General and technical education has been allocated Tk. 43·9 million, general University education Tk. 5 million and engineering, agricultural universities have been allocated Tk. 2·1 million.

Transport Sector:

Transport Sector suffered widespred destruction. Its urgent rebuilding can hardly be over-emphasized not only because it is an essential prerequisite for all economic activities but also a necessary condition for successful handling of the food problem. During the war of liberation, all the three basic components of the system namely, railway, road and waterways suffered losses.

The allocation for the financial year 1972-73 for this sector stands at Taka 519·18 million including Taka 273·52 million in foreign exchange. This sector covers rehabilitation of the two ports, IWTA, Bangladesh Shipping Corporation, BIWTC, Civil Aviation, Roads, BRTC, Railways, and Bangladesh Biman. The main features of the programme consist of reconstruction of the railway bridges, road bridges, procurement of water crafts, aircrafts, 2000 trucks, 1000 buses and other vehicles and construction materials and equipments, salvage of ship-wrecks and clearing of channels and ports.

mmunication Sector:

This sector covers the reconstruction programmes of Telegraphs, Telephones and t Offices. The import component of reconstruction programme in this sector is high ause most of the equipments have to be procured from abroad. A sum of Taka 8 million of which 16·5 million is in foreign exchange has been allocated for the ncial year 1972-73. Under this programme items like 960 channel microwave terminal ipments 96 VHF mobile equipment, 78 teleprinters, etc., will be obtained.

riculture Sector:

The reconstruction programme of Agriculture Sector has been provided for the recoup- nt of the losses of productive assets in the public sector With this end in view Taka ·9 million, all in foreign exchange has been allocated for the replacemnet of 4000 wer pumps and spares, procurement of aircraft for aerial spraying, transports, equip- nts, etc.

rests, Fisheries and Livestock:

There are about 7 lakhs of fishermen in the country. The preliminary survey shows at about 25 per cent. of them have suffered losses in respect of their boats, fishing ar, houses and other assets. The current year's requirement for this sector is Taka 52 illion of which Taka 30 million is in foreign exchange. The programme provides for ocurement of nylon twine, construction of 8,500 fishing boats, marine diesel engines, nthetic floats and other fishing gears. The rehabilitation of the fishermen who belong Co-operative Societies will be undertaken by the Cooperative Directorate.

In the Livestocks and Forests sub-sectors the main items are procurement of 20 tele- ommunication sets, 20 speed boats, 2 burges and tugs, 325 incubators, 25 refrigerators, c. The entire programme is in foreign exchange comprising the import components.

Water Sector:

During the war of liberation BWAPDA projects which are spread all over the ountry had to sustain widespread damage in terms of equipment, machinery, transport nd hydraulic structures. This has caused serious setbacks in the operational facilities articularly in the projects which are completed.

The reconstruction programme has been drawn up with a view to make good the oss. The expenditure under this head for 1972-73 stands at Taka 18 million including Taka 10·2 million in foreign exchange and will be used for procurement of equipments, machinaries and construction materials.

Industries Sector:

The reconstruction programme of BIDC, FIDC BITAC, BFDC and BSIC have been included in the estimates for this sector. In the reconstruction programme the major allocation has been made to the BIDC which includes nationalised industries and rehabilitation of the Ghorasal Fertilizer Factory. A sum of Taka 65·77 million inclusive of Taka 32·34 million in foreign exchange has been allocated for the financial year 1972-73. The main items of import are equipments, machineries, tools and spares for Jute Mills, and TSP complex, Fertilizer Factory and Machine Tools Factory.

Power:

Most of the grid lines in the country were badly damaged. Over 125 broad-based towers, transmission line and some isolated diesel power stations were completely destroyed. Besides, extensive damages to the installations, serious losses had also taken place in several central warehouses through fire and pilferage during the war of liberation. The proposed expenditure for the power sector stands at Taka 93·9 million including Taka 45·2 million in foreign exchange. Power transformers, switchgears, tower materials, generating plants, cable, etc., will be procured under this programme.

Public Health Engineering:

The commodity involved in the public health engineering sector are submergible water pumps with spares, diesel driven generators, thrustbearing, diesel-engine-operated compressors, etc. A sum of Taka 8·6 million including 0·9 million in foreign exchange has been allocated for the year 1972-73 for reconstructing Public Health Engineering facilities.

Health Sector:

The Health Sector will require 63 transport vehicles consisting of jeeps, ambulance, microbus, motorbikes and speed boats, besides some X-Ray machine dressing materials etc., for recoupment of assets lost during the war of liberation. The most important single item is procurement of drugs and medicines which alone will cost 30 million taka in foreign exchange. The total expenditure for this sector during 1972-73 will be Taka 40·3 million including 36·2 million taka in foreign exchange.

Housing and Settlement Sector:

For the purposes of reconstruction, the Housing and Settlement Sector has been divided into the following sub-sectors:—

(i) Building Directorate.

(ii) Housing & Settlement.

(iii) Public Works Department.

(iv) Directorate of Fire Services.

(v) Police Directorate (including B.D.R.).

(vi) Porjatan Sangstha.

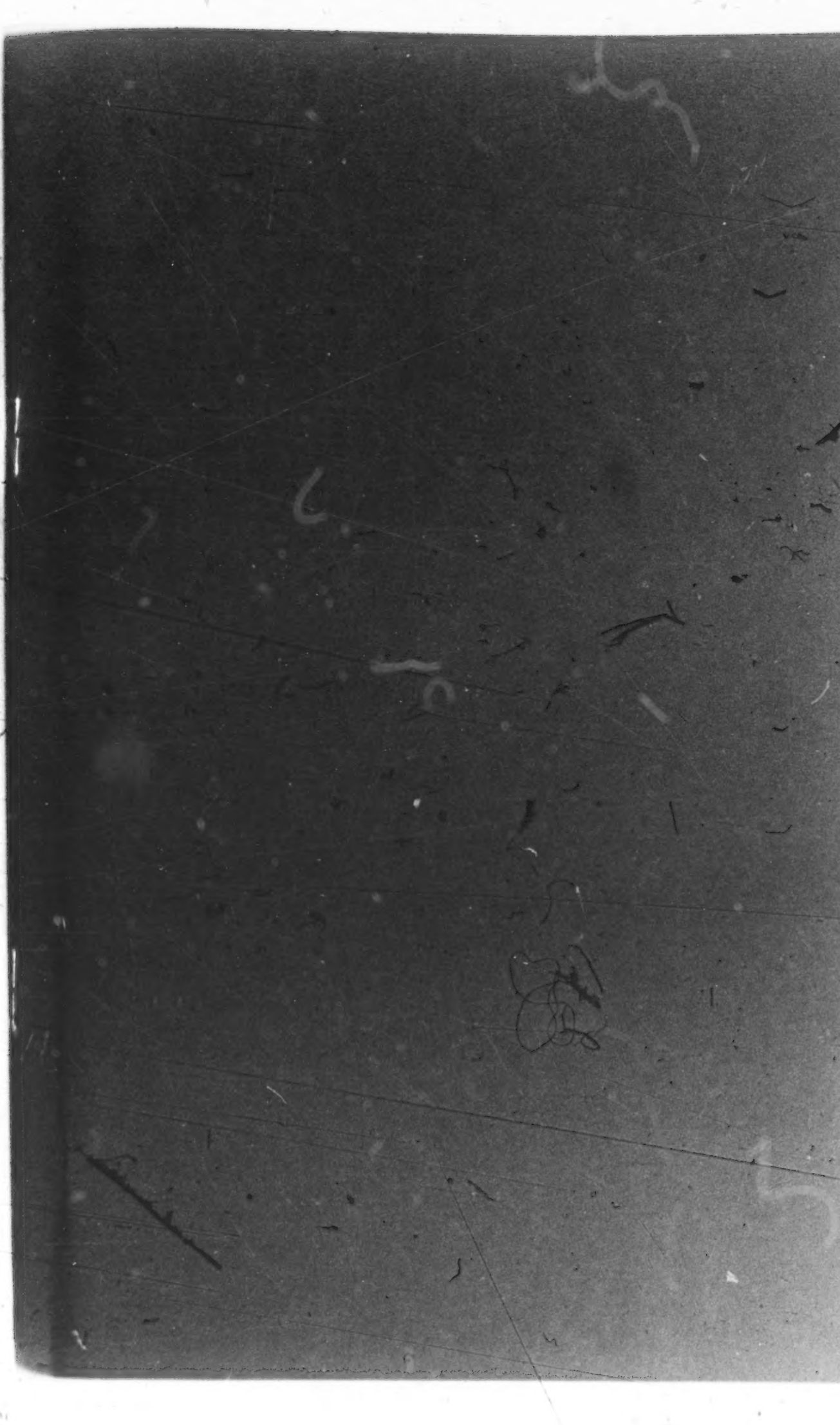
(vii) Radio Bangladesh.

(viii) Survey of Bangladesh.

The main items of this sector involved are construction and repair of the public buildings, repair and replacement of transports and equipments, procurement of construction materials like cement, coal, M. S. Rod, etc. The current year's reconstruction programme provides for Taka 67·8 million inclusive of 33·5 million in foreign exchange.

REHABILITATION PROGRAMME

Allocations for the rehabilitation programme have been made with a view to provide maximum possible assistance to the displaced persons for the reconstruction of their homes. Final assessment of destructions and damages of private housing in Bangladesh is not yet available, but preliminary assessment shows that more that 2 million homes were totally destroyed and a million were partially damaged in the rural areas of Bangladesh. Apart from these, a large number of houses in the urban areas were also damaged and destroyed. Many of the market places, 'huts' and 'bazars' were burnt down by the Pak Army during the war of liberation. According to available estimates more than seven hundred crores of takas would be required to rebuild all the structures. Temporary shelters have already been built by most of the affected families with the rehabilitation grants of the government and also their own resources and by borrowing. The Ministry of Relief and Rehabilitation is now engaged in drawing up a comprehensive programme of rehabilitation for the families who have been rendered homeless. Bulk of the sum of Taka 66 crores earmarked for rehabilitation will be utilized for rebuilding the damaged and destroyed homes.

Apart from the housing sector, rehabilitation programme also envisages sizeable expenditure for the resettlement of the freedom fighters, artisans, traders, etc., who have been denied of their traditional sources of income due to the loss of capital assets or dislocation of the economy. Necessary schemes are being drawn up by the Ministry of Relief and Rehabilitation in consultation with relevant ministries and agencies.

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